

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
WAUKEE COMMUNITY SCHOOL DISTRICT  
WAUKEE, IOWA  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006

OFFICIAL ISSUING REPORT  
R. Duane Van Gorp, RSBO  
Executive Director of Administrative Services

OFFICE ISSUING REPORT  
Business Office

WAUKEE COMMUNITY SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
C O N T E N T S

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## INTRODUCTORY SECTION

## SUPERINTENDENT LETTER

Members of the Board of Education  
Waukee Community School District  
Waukee, Iowa

The Comprehensive Annual Financial Report (CAFR) for the Waukee Community School District for the fiscal year ended June 30, 2006 is submitted herewith. Responsibility for accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District Office of Administrative Services. We believe the data is accurately presented, in all material respects; that the data is presented to fairly set forth the financial position of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information and the respective changes in financial position and cash flows where applicable; and that all necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the District's financial affairs.

The Comprehensive Financial Annual Report is presented in three sections: introductory, financial and statistical. The introductory section, which is un-audited, includes this transmittal letter and a list of principal District officials, an organizational chart and the Association of School Business Officials International Certificate of Excellence in Financial Reporting. The financial section includes the management's discussion and analysis, audited basic financial statements, required supplementary information and the combining and individual fund financial statements and schedules, as well as the independent auditor's report. The statistical section, which is un-audited, includes selected financial and demographic information, generally presented on a multi-year basis. We encourage readers to refer to all three sections of the report, including the Management's Discussion and Analysis in the financial section, which gives a more detailed summary of the District's financial performance.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U. S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments*.

The report includes all funds and account groups of the Waukee Community School District. The Waukee Community School District has no component units that meet the Governmental Accounting Standards Board criteria. The District provides a full range of services including instructional, administrative, transportation, food service, maintenance of sites and facilities, custodial, clerical, extra and co-curricular activities and athletics.

This CAFR has been prepared using the guidelines recommended by the Association of School Business Officials International (ASBO). Certificates of Excellence are awarded to school systems that have presented their CAFR to the ASBO Panel of Review for critical review and evaluation. Receiving the award is recognition that a school system has met the highest standards of excellence in school financial reporting. The standards used in the "Certificate of Excellence Program" are based on generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). We will actively pursue this award through the efforts of the entire Waukee Team. The Waukee Community School District received this certificate for its comprehensive annual financial report for the fiscal years ending June 30, 2004 and 2005. A copy of the certificate is included in the introductory section of this report.

## BASIS OF ACCOUNTING

The District's accounting records were maintained on a modified accrual basis. These accounting policies are enumerated in the notes to the financial statements. All the District's funds are presented in this report and have been audited by the District's independent certified public accountants, Hunt, Kain & Associates.

The chart of accounts used by the District is in conformance with the Uniform Accounting System for Iowa Schools and Area Education Agencies issued November 1975 and updated in 2006, by the Iowa Department of Education. The chart of accounts manual is updated on an annual basis. The District is in full compliance with these requirements.

## ECONOMIC CONDITION AND OUTLOOK

The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the country. The economic condition and outlook is stable. The Waukee Community School District has been and is currently the fastest growing school district in the state of Iowa and the growth projections are expected to continue. According to an article published on April 15, 2005 by the Des Moines Register, Dallas County is the 10<sup>th</sup> fastest growing county in the nation, recording a 6.6 % growth rate from July 2003 to July 2004. In February of 2005 the State of Iowa reported a 14.5 % growth in revenues for January 2005 and an overall revenue growth for the first seven months of the fiscal year of 8.2 %. This growth has continued as evidenced by the number and value of building permits in the District. The City of Waukee alone to date has issued 721 permits totaling \$95,231,287 in value. This is approximately 5.5 million dollars more than all of the previous year. This growth has had a positive affect on employment with the greater Des Moines area unemployment rate at 2.9%. The District tax base has also shown tremendous growth with an average increase of 17.8% over the past five years. In fiscal 2006, this trend continued with the tax base increasing by 17.4%.



Based on conservative projections, this trend is expected to continue. While having a positive impact, the growth also presents significant challenges for the District. The District utilizes the optional instructional support levy at a level deemed appropriate and will need to continue a high level of efficient use of human resources and facilities.

Retail sales, building permits and population increases in the western suburbs far exceed that of any other location in the metropolitan area or in the State of Iowa. Retail, commercial and residential property values continue to grow at record pace. Assessed values of the District are modestly expected to increase by 15% or more in the near term. In the fall of 2004, a new 250-acre retail shopping mall opened within the boundaries of the District and is expected to generate eighty million dollars in revenue annually. Areas surrounding the Jordan Creek Town Center continue to grow and add new retail and commercial property. The schools of Dallas County passed a one-cent sales tax on all covered retail sales in the county. All the schools in Dallas County on a per pupil basis will share the revenue from this sales tax. The Waukee Community School District is the largest district in Dallas County and the percentage of total students in the county will continue to increase on an annual basis. The District will receive a larger percentage of the total sales tax, as our students as a percent of the total students in the county, will increase annually.

## MAJOR INITIATIVES

**Current year.** During the year, the District continued to implement a ten-year plan for facilities and a three-year plan for finances. The District's rapid growth, limited resources and the need to clearly outline and prioritize site and facility needs in chronological order necessitate the plans. Specifically, the District finalized a \$11.5 Million K-5 elementary school, began construction on a \$8.5 million, 65,000 square foot addition at Waukee High School, completed construction on a \$100,000 athletic complex for the baseball and softball programs, .

**Future Considerations.** The ten-year facility plan and accompanying demographic information concluded that student enrollment and tax base would continue to increase at a rapid pace. This study, along with annual enrollment projections to estimate space needs, have indicated the need for a K-5 elementary facility to open in the fall of 2007 and a sixth elementary probably by the fall of 2010. Additional space at the current high school will be ready by the fall of 2007 and it appears that the current middle school will need additional space by the fall of 2008. The District is involved with local developers concerning land purchases for future school sites on an ongoing basis. Revenues from the successful local option sales tax and proceeds from the newly extended \$1.34 Physical Plant and Equipment Levy will play major roles in the financing of all the above facility projects. District facility needs beyond current projects will need to be funded from a successful bond referendum.

## DEBT ADMINISTRATION

The ratio of net indebtedness to assessed valuation and the amount of indebtedness per capita are useful indicators of the District's debt position. The 2006 fiscal year data shows a total outstanding indebtedness on June 30<sup>th</sup> of \$69,445,000 with a ratio of debt to 100% taxable, actual, assessed valuation of 3.67%. During FY 2006, \$2,230,000 of outstanding debt was paid and an additional \$15,000,000 of new debt issued. In the near future, as assessed valuation and District population rise and total indebtedness decrease, these economic indicators will reflect a very favorable financial position.

The above indebtedness of \$69,445,000 is a result of general obligation bonds issued July 1997, July 1998, June 1999, April 2000, March 2001, April 2002, November 2002, May 2003, June 2004, February 2005 and March 2005. Capital loan notes were issued in February of 2006.

## RISK MANAGEMENT

Waukee Community School District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, error and omissions, injuries to employees and natural disasters. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## FINANCIAL INFORMATION

Internal Controls. Management of the District is responsible for establishing and maintaining an internal control designed to ensure that its capital assets are protected from loss, theft or misuse and to ensure that accounting data are compiled to allow for the preparation of the basic financial statements in accordance with accounting principles generally accepted in the United State of America. The internal control is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal, state and county financial assistance, the District also is responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management and external auditors.

As a part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control over financial reporting and its compliance with applicable laws and regulations, including those related to major federal awards programs. The results of the District's single audit for the fiscal year ended June 30, 2006, provided no instances of material weaknesses in the internal control or violations of applicable laws and regulations.

Budgetary Controls. In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of the General Fund, special revenue funds, Debt Service Fund, enterprise fund and capital projects funds are included in the annual appropriated budget. Project length financial plans are adopted for the capital projects funds and budgeted accordingly on an annual basis. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by program level for all funds combined rather than at the individual fund level. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at the fiscal year's end. However, encumbrances generally are re-appropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

## BASIS OF PRESENTATION

The charts and accounts used by the District have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants. In addition, the District's accounting records conform to the Uniform Accounting System for Iowa Schools, Chapter 11 of the Code of Iowa and Area Educational Agencies issued by the Department of Education, state of Iowa. The chart of accounts manual is updated annually and the District is in full compliance with these requirements.

## CASH MANAGEMENT

Cash, while temporarily idle during the year, was invested in time deposits and money market accounts. Interest rates ranged from 1.1% to 4.88% during the year, compared to the highest rate of 2.925% for the previous year. This aspect of the District's finances has gained importance in recent years as we have sought to maximize the yield on our investments without forfeiting the use of fund balances.

## OTHER INFORMATION

Independent Audit. The accounting firm of Hunt, Kain & Associates, P.C. was selected to perform the annual audit in accordance with Chapter 11 of the Code of Iowa. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements, combining and individual fund statements and other schedules is included in the financial section of this report.

## ACKNOWLEDGEMENT

The preparation of this report on a timely basis could not have been accomplished without the effort of the accounting staff and our auditors, Hunt, Kain & Associates, P.C. We would like to express our appreciation to all staff members who assisted and contributed to this report. Also, appreciation is expressed for the interest and support of the Board of Education in conducting the financial operations of The District in a most responsible and progressive manner.

Respectfully submitted,

David J. Wilkerson, Ph.D.  
Superintendent

R. Duane Van Gorp, RSBO  
Executive Director of Administrative Services

CHART

WAUKEE COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND ATTORNEY

Board of Education Before September 2005 Election

Tracy Lepeltak	President	2006
Wayne Cooper	Vice President	2007
Kevin Vinchattle	Board Member	2005
Karen Oberman	Board Member	2005
Embree Edgington	Board Member	2006
Russ Wiesley	Board Member	2006
Larry Lyon	Board Member	2007

Board of Education After September 2005 Election

Embree Edgington	President	2006
Larry Lyon	Vice President	2007
Tracy Lepeltak	Board Member	2006
Wayne Cooper	Board Member	2007
Jerry Ripperger	Board Member	2008
Peggy Pierce	Board Member	2008
Russ Wiesley	Board Member	2006

Board Attorney

Edgar Bittle, Ahlers & Cooney, P.C.	Attorney	Indefinite
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WAUKEE COMMUNITY SCHOOL DISTRICT

SCHOOL DISTRICT ADMINISTRATION

For the year ended June 30, 2006

Dr. David J. Wilkerson	Superintendent
R. Duane Van Gorp, RSBO	Executive Director of Administrative Services
Edie Eckles	Director of Teaching & Learning
Dr. Bruce Kimpston	Director of Human Resources
Roxanne Cumings	Director of Student Services
Kathy Niblo	Director of Accounting/Secretary to the Board of Education
Molly Boyle	Literacy Resource Strategist
Lisa Gallegos	Technology Resource Strategist
Jody Ratigan	High School Principal
Judi Roland	High School Dean of Students
Ronald Book	High School Dean of Students
Theresa Best	High School Dean of Students
Eric Jones	High School Dean of Students
Cherry Donovan	High School At Risk Coordinator
Dr. Bradley Buck	Prairieview & Middle School Principal
Juley Murphy-Tiernen	Prairieview Assistant Principal
Ed Slauson	Prairieview Dean of Students
Susan Elbert	Prairieview Dean of Students
Mike Blake	Middle School Assistant Principal
Mark Skahill	Middle School Dean of Students
Vicki Hasty	Middle School Dean of Students
Larry Rude	Prairieview & Middle School At Risk Coordinator
Randy Nemitz	Waukee Elementary Principal
Peg Erke	Eason Elementary Principal
Cindi McDonald	Brookview Elementary Principal
Deb Snider	Walnut Hills Elementary Principal
Jim Duea	Director of Athletics & Activities
Todd Schneiter	Assistant Director of Athletics
Jeannie Allgood	Director of Nutrition Services
Eric Rose	Director of Operations
Steve Baumeister	Network Specialist
Wayne Kischer	Auditorium Manager

WAUKEE COMMUNITY SCHOOL DISTRICT  
CONSULTANTS, ADVISERS, AND OFFICIAL DEPOSITORIES

Consultants and Advisors

Certified Public Accountants

Hunt, Kain & Associates, P.C.  
1201 High Avenue West  
Oskaloosa, Iowa 52577

Bond Attorney

Ahlers & Cooney, P.C.  
100 Court Avenue, Suite 600  
Des Moines, Iowa 50309-2231

Financial Consultant

Piper Jaffrey  
700 Walnut Street, Suite 1300  
Des Moines, Iowa 50309-3800

General Counsel

Ahlers & Cooney, P.C.  
100 Court Avenue, Suite 600  
Des Moines, Iowa 50309-2231

Property/Casualty Insurance Agent

Insurance Associates  
2501 Westown Parkway, Suite 1104  
West Des Moines, Iowa 50266-1438

Benefits Insurance Broker

Marsh Health & Benefits  
1776 West Lakes Parkway – SS2  
West Des Moines, Iowa 50266

Official Depositories

Wells Fargo, Iowa  
110 Highway 6  
Waukee, Iowa 50263

First American Bank  
12333 University Avenue  
PO Box 71156  
Clive, Iowa 50325

Iowa School Joint Investment Trust  
PO Box 71158  
Clive, Iowa 50325-0158

IPAS Education  
1415 28<sup>th</sup> Street, Suite 200  
Century II Building  
West Des Moines, Iowa 50266-1456



## CERTIFICATE

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## FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Waukee Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waukee Community School District, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waukee Community School District as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 12, 2006 on our consideration of Waukee Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 22 through 31 and 76 through 77 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Waukee Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical information listed in the table of contents is not necessary for a fair presentation of the basic financial statements, but is presented as additional analytical data. This information is unaudited and we do not express an opinion on it.

Oskaloosa, Iowa  
September 12, 2006

## **Management's Discussion and Analysis For Fiscal Year Ended June 30, 2006**

It is with great pleasure we present to you the financial picture of Waukee Community School District. We offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Waukee Community School District for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### **Financial Highlights**

The District showed an increase in net assets of \$6,654,723 during the year ended June 30, 2006.

Total revenues for the fiscal year ended June 30, 2006 of \$44,207,141 were comprised of General Revenues in the amount of \$36,477,714 and program revenues totaling \$7,729,427.

As of June 30, 2006, unreserved, undesignated fund balance for the General Fund was \$2,159,597 or 7.30% of General Fund expenditures. The financial solvency ratio for the year ended June 30, 2006 was 7.08%, which is an increase of 1.68% over the previous year. This increase is attributed to unreserved fund balance keeping pace with revenue increases and a favorable ratio of total revenues to total expenditures.

The Waukee Community School District's total long-term bonded debt and capital loan notes increased by \$12,770,000 due to the issuance of capital loan notes issued in February of 2006.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Waukee Community School District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of Waukee Community School District's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all Waukee Community School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements reflect functions of the Waukee Community School District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional services, other and debt service. Business type activities are those that the District charges a fee to help cover the costs such as School Nutrition.

The government-wide financial statements include only Waukee Community School District. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the District.

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Waukee Community School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary fund and fiduciary funds.

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Waukee Community School District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service and Capital Projects Funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 40 through 45 of this report.

**Proprietary funds** – The District maintains two types of proprietary funds, an enterprise fund and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District maintains two enterprise funds. Information is presented separately for the School Nutrition fund which is considered a major fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions.

The basic proprietary fund financial statements can be found on pages 46 through 49 of this report.

**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Waukee Community School District's own programs. The fiduciary funds of the District are agency funds and private purpose trust funds. Agency funds are custodial in nature and do not involve measurement of results of operation. The District accounts for outside donations for scholarships in the private purpose trust fund.

The basic fiduciary fund financial statements can be found on pages 50 through 51 of this report.

**Notes to the basic financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Waukee Community School District's budgetary comparison. Required supplemental information can be found on pages 76 and 77 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The District's total net assets have increased from a year ago from \$12,623,242 to \$19,277,965.

A significant portion of the District's total assets reflects its investment in capital assets. The District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. The District's net assets invested in capital assets, net of related debt, was \$10,598,016. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.



Table 1 below provides a summary of the District's net assets at June 30, 2006 compared to June 30, 2005.

Table 1 - Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-06
<b>Assets</b>							
Current and Other Assets	\$ 45,225,602	\$ 25,885,976	\$ 696,319	\$ 495,809	\$ 45,921,921	\$ 26,381,785	74.1%
Capital Assets	67,132,844	63,440,293	578,088	548,174	67,710,932	63,988,467	5.8%
Total Assets	\$ 112,358,446	\$ 89,326,269	\$ 1,274,407	\$ 1,043,983	\$ 113,632,853	\$ 90,370,252	25.7%
<b>Liabilities</b>							
Long-term Liabilities	\$ 69,981,242	\$ 57,346,902	\$ -	\$ -	\$ 69,981,242	\$ 57,346,902	22.0%
Other Liabilities	24,320,809	20,363,831	52,837	36,277	24,373,646	20,400,108	19.5%
Total Liabilities	\$ 94,302,051	\$ 77,710,733	\$ 52,837	\$ 36,277	\$ 94,354,888	\$ 77,747,010	21.4%
<b>Net Assets</b>							
Invested in Capital Assets net of Related Debt	\$ 10,019,928	\$ 8,282,400	\$ 578,088	\$ 548,174	\$ 10,598,016	\$ 8,830,574	20.0%
Restricted	6,441,728	2,627,733	-	-	6,441,728	2,627,733	145.1%
Unrestricted	1,594,739	705,403	643,482	459,532	2,238,221	1,164,935	92.1%
Total Net Assets	\$ 18,056,395	\$ 11,615,536	\$ 1,221,570	\$ 1,007,706	\$ 19,277,965	\$ 12,623,242	52.7%

The restricted portion of the District's Governmental Activities net assets (35.66%) represents resources that are subject to external restrictions on how they may be used. These restrictions include \$115,158 for two state grants, \$1,186,550 for Physical Plant and Equipment, \$4,775,192 for Capital Projects and \$364,828 for other special revenue purposes. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to students and creditors.

At the end of the current fiscal year, the Waukee Community School District is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The District's total net assets increased by \$6,654,723, or 52.7% during the current fiscal year. The total invested in capital assets net of related debt increased 20.0%. The governmental activities net assets increased by \$6,440,859. The business-type activities increased by \$213,864. The increase in governmental activities net assets is mainly attributable to less than expected budgeted expenditures during a time that the District is growing dramatically and investing heavily in capital assets.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2006 as compared to the fiscal year ended June 30, 2005. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: Program Revenue and General Revenue. Program Revenue is defined as charges for services and sales, operating and capital grants and contributions. General Revenue includes taxes and unrestricted grants such as state foundation support.

Expenses are shown in programs including instruction, support services, non-instructional programs, other and debt service.

Table 2 - Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-06
Revenue:							
Program Revenue:							
Charges for services	\$ 2,411,792	\$ 2,119,416	\$ 1,890,332	\$ 1,408,137	\$ 4,302,124	\$ 3,527,553	22.0%
Operating Grants and Contributions	2,953,730	2,413,493	362,089	301,939	3,315,819	2,715,432	22.1%
Capital Grants and Contributions	-	-	111,484	120,440	111,484	120,440	-7.4%
General Revenue:							
Property and other taxes	18,435,237	15,992,732	-	-	18,435,237	15,992,732	15.3%
Local Option Sales Tax	3,467,268	2,736,191	-	-	3,467,268	2,736,191	26.7%
Unrestricted State Grants	13,589,697	11,414,256	-	-	13,589,697	11,414,256	19.1%
Unrestricted Investment Earnings	602,452	191,461	21,735	7,753	624,187	199,214	213.3%
Other	361,325	327,606	-	-	361,325	327,606	10.3%
Total Revenues	\$ 41,821,501	\$ 35,195,155	\$ 2,385,640	\$ 1,838,269	\$ 44,207,141	\$ 37,033,424	19.4%
Expenses:							
Program Expenses:							
Instruction	\$ 19,961,274	\$ 17,437,231	\$ -	\$ -	\$ 19,961,274	\$ 17,437,231	14.5%
Support Services	9,628,971	8,412,897	-	-	9,628,971	8,412,897	14.5%
Non-Instructional Programs	-	-	2,171,776	1,716,525	2,171,776	1,716,525	26.5%
Other	3,093,756	3,078,307	-	-	3,093,756	3,078,307	0.5%
Debt Service	2,696,641	2,596,514	-	-	2,696,641	2,596,514	3.9%
Total Expenses	\$ 35,380,642	\$ 31,524,949	\$ 2,171,776	\$ 1,716,525	\$ 37,552,418	\$ 33,241,474	13.0%
Change in net assets	\$ 6,440,859	\$ 3,670,206	\$ 213,864	\$ 121,744	6,654,723	3,791,950	75.5%
Beginning net assets	11,615,536	7,945,330	1,007,706	885,962	12,623,242	8,831,292	42.9%
Ending net assets	\$ 18,056,395	\$ 11,615,536	\$ 1,221,570	\$ 1,007,706	\$ 19,277,965	\$ 12,623,242	52.7%

The number of students served by the District increased by approximately 522 students which was a 12.8% increase over the prior year. This accounts for the across the board increase in revenues and expenses in both governmental activities and business-type activities. Investment earnings increased 213.3% due to increasing interest rates and increased availability of investment capital for greater periods of time. Local option sales tax increased 26.7% due to an overall increase in Dallas County taxable sales. Also a contributing factor is that our District continually has a larger percentage of Dallas County students.

Table 3 below discloses cost of services for governmental activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by state aid and local taxes. The difference in these two columns would represent costs funded by operating grants and contributions and charges for services.

Table 3 - Governmental Activities

Programs	Total Cost of Services 2006	Net Cost Of Services 2006
Instruction	\$19,961,274	\$16,083,569
Support Services	9,628,971	9,339,217
Other	3,093,756	1,895,693
Debt Service	2,696,641	2,696,641
Total Expenses	<u>\$35,380,642</u>	<u>\$30,015,120</u>

Net Cost of services is 84.8% of total cost of services in 2006.

### Financial Analysis of the Government's Funds

As noted earlier, the Waukeel Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the Waukee Community School District’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Waukee Community School District’s governmental funds reported combined ending balances of \$21,288,365, an increase of \$15,508,643 in comparison with the prior year. Approximately 10.1% of this total amount, or \$2,159,597, constitutes unreserved fund balance and is available for spending at the government’s discretion. The remainder of the fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed for 1) inventories \$31,218; 2) state grants \$115,158; 3) General Fund designations \$107,434; 4) Debt Service \$233,849; 5) Capital Projects \$17,107,276 and for 5) non-major, special revenue funds \$1,533,833.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,159,597 while total fund balance reached \$2,413,407. As a measure of the General Fund’s liquidity, it may be useful to compare both unreserved fund balance and the total fund balance to total fund expenditures. Unreserved fund balance represents 7.30% of total General Fund expenditures.

The fund balance of the District’s General Fund increased \$929,202 during the current fiscal year. The key factor in this was a concentrated effort to continue a trend of upward financial stability as evidenced by an increasing fund balance and financial solvency ratio.

Some of the District’s other funds include the Physical Plant and Equipment Levy Fund, Debt Service Fund, the Capital Projects Fund and the School Nutrition Fund. The Physical Plant and Equipment Levy Fund increased \$245,815 and the Debt Service fund balance increased \$44,685 due to accumulation of local taxes needed to make future interest payments as they come due. The Capital Projects fund balance increased by \$14,201,203 due to the sale of \$15,000,000 in Capital Loan Notes to finance current construction projects. The School Nutrition net assets increased by \$153,554 due to increased participation in the lunch program.

## **Budgetary Highlights**

As allowed by GASB Statement No. 41, *Budgetary Comparison-Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. In accordance with the Code of Iowa, the Board of Education annually adopts a program budget for all funds except private purpose trust and agency funds as described in the note to required supplementary information.

A comparison of the actual expenditures/expenses of the District's budgeted funds with the final budget amounts is as follows:

	Budget Original & Final	Actual Expenditures/ Expenses	Variance
Instruction	\$ 20,000,000	\$ 19,983,917	\$ 16,083
Support Services	11,000,000	9,977,365	1,022,635
Non-Instructional Programs	2,500,000	1,911,572	588,428
Other	32,187,835	11,612,799	20,575,036
	<hr/>		
Totals	\$ 65,687,835	\$ 43,485,653	\$ 22,202,182
	<hr/>		

The positive variance of \$22,202,182 was a result of two significant factors. One, a concentrated and successful effort was made to maximize revenues and control expenses. Second, the District sold approximately \$15,000,000 of capital loan notes to fund various capital projects which have not been completed yet.

### Capital Assets and Debt Administration

The following table shows ending balances of capital assets invested in various categories for governmental activities. The District recognized a total net increase of \$3,692,551. The increase can be attributed to the completion of the 4<sup>th</sup> elementary school Walnut Hills.

Table 4 - Capital Assets as of June 30 (Net of Depreciation)

	2006	2005
Land	\$3,402,832	\$2,707,530
Construction in Progress	3,025,995	10,213,540
Buildings, Improvements and Furniture and Equipment	60,704,017	50,519,223
	<hr/>	
Totals	\$67,132,844	\$63,440,293
	<hr/>	

Additional information about the District's capital assets can be found in note 5 to the basic financial statements.

### Debt

As of June 30, 2006, the Waukee Community School District had general obligation and capital loan notes outstanding totaling \$69,445,000. In the current year, the District paid \$2,230,000 in principal and \$2,500,741 in interest.

Table 5 - Outstanding General Obligation and Capital Loan Debt as of June 30

	2006	2005
General Obligation Bonds	\$ 54,445,000	\$ 55,945,000
Capital Loan Notes	15,000,000	730,000
	<hr/>	<hr/>
Totals	<u>\$ 69,445,000</u>	<u>\$ 56,675,000</u>

As of June 30, 2006, the District's available debt margin was \$94,571,284 which leaves a legal debt margin of \$25,126,284 once the current year applicable general obligation and capital loan debt is applied.

Additional information about the District's long-term debt can be found in note 6 to the basic financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The District is located in the central part of the state, approximately 15 miles west of the city of Des Moines. The District, comprised totally in Dallas County, Iowa, is one of the fastest growing county in the nation. The District is the fastest growing school district in the State of Iowa. The September 2005 certified resident student enrollment increased 497.9 students over the previous year. The economic condition and outlook of the District is one of great optimism. Total assessed value in the District has increased 1.4 billion dollars since the 1996-97 fiscal year. The taxable assessed value has increased 236% since 1997. For the current fiscal year, taxable assessed value in the District increased \$175,111,115 or 17.6%.

Based on conservative estimates this trend is expected to continue and probably accelerate in the immediate future. The eastern portions of Dallas County are experiencing tremendous growth in both residential and commercial development. The collection of the Dallas County local option sales tax, a one cent tax on all covered retail sales began in January of 2004 and generated 3.47 million dollars in fiscal 2006. An estimated \$4.1 million dollars is expected to be generated in 2007. The one-cent sales tax will continue through December of 2014.

This tremendous growth, while having a positive impact, also presents significant challenges for the District. The District is utilizing the optional instructional support levy to its fullest and will need to continue its high level of efficient use of human resources and facilities.

Retail sales, building permits and population increases in the western suburbs far exceed that of any other location in the metropolitan area or in the State of Iowa. Dallas County is one of the fastest growing county in the country. These increases are projected to continue if economic conditions remain favorable.

The past year saw the State of Iowa's economic downturn begin to turn in a positive direction. Revenue projections at the state level increased again for the third consecutive year. While the District has faced reductions in funding for state aid and other state-funded programs in previous years, the future looks brighter with the 2006 legislature setting allowable growth for the 2006-07 and 2007-08 fiscal years at 4%. We are optimistic about the State of Iowa's financial outlook. As the national economy continues to strengthen, state revenues usually follow the same upward direction.

### **Requests for Information**

These financial statements and discussions are designed to provide our students, citizens, taxpayers, investors and creditors with a complete disclosure of the District's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Mr. R. Duane Van Gorp, Executive Director of Administrative Services, Waukee Community School District, 560 S.E. University Avenue, Waukee, Iowa, 50263.

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## BASIC FINANCIAL STATEMENTS

WAUKEE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
June 30, 2006

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 24,637,088	\$ 659,101	\$ 25,296,189
Bond deposit with fiscal agent	44,550	-	44,550
Receivables:			
Property tax:			
Current year	61,121	-	61,121
Succeeding year	19,388,253	-	19,388,253
Accrued interest	21,406	-	21,406
Accounts	30,130	1,700	31,830
Due from other governments	840,488	5,001	845,489
Interfund balances (note 4)	1,584	(1,584)	-
Inventories	31,218	32,101	63,319
Prepaid expenses	169,764	-	169,764
Capital assets, net of accumulated depreciation (note 5)	67,132,844	578,088	67,710,932
<b>Total assets</b>	<b>112,358,446</b>	<b>1,274,407</b>	<b>113,632,853</b>
<b>Liabilities</b>			
Accounts payable	1,498,658	7,083	1,505,741
Salaries and benefits payable	2,787,131	16,418	2,803,549
Accrued interest payable	423,316	-	423,316
Contract payable	173,820	-	173,820
Bond deposit payable	44,550	-	44,550
Deferred revenue:			
Succeeding year property tax	19,388,253	-	19,388,253
Other	5,081	29,336	34,417
Long-term liabilities (note 6):			
Portion due within one year:			
Early retirement	83,409	-	83,409
Bonds payable	1,970,000	-	1,970,000
Notes payable	1,095,000	-	1,095,000
Compensated absences	116,074	-	116,074
Portion due after one year:			
Early retirement	336,759	-	336,759
Bonds payable	52,475,000	-	52,475,000
Notes payable	13,905,000	-	13,905,000
<b>Total liabilities</b>	<b>94,302,051</b>	<b>52,837</b>	<b>94,354,888</b>

WAUKEE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2006

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	\$ 10,019,928	\$ 578,088	\$ 10,598,016
Restricted for:			
Physical plant and equipment levy	1,186,550	-	1,186,550
Other special revenue purposes	364,828	-	364,828
Capital projects	4,775,192	-	4,775,192
State grants	115,158	-	115,158
Unrestricted	1,594,739	643,482	2,238,221
Total net assets	<u>\$ 18,056,395</u>	<u>\$ 1,221,570</u>	<u>\$ 19,277,965</u>

See notes to the basic financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular instruction	\$ 14,431,348	\$ 1,238,949	\$ 1,160,324	\$ -
Special instruction	3,387,879	268,854	413,659	-
Other instruction	2,142,047	795,919	-	-
	<u>19,961,274</u>	<u>2,303,722</u>	<u>1,573,983</u>	<u>-</u>
Support services:				
Student services	1,305,863	-	24,264	-
Instructional staff services	1,357,976	5,914	68,250	-
Administration services	2,684,070	-	-	-
Operation and maintenance of plant services	2,720,184	81,669	-	-
Transportation services	1,560,878	20,487	89,170	-
	<u>9,628,971</u>	<u>108,070</u>	<u>181,684</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	422,445	-	-	-
Debt service - interest	2,605,832	-	-	-
Debt service - fiscal charges	90,809	-	-	-
AEA flowthrough	1,198,063	-	1,198,063	-
Depreciation (unallocated) *	1,473,248	-	-	-
	<u>5,790,397</u>	<u>-</u>	<u>1,198,063</u>	<u>-</u>
Total governmental activities	35,380,642	2,411,792	2,953,730	-

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (12,032,075)	\$ -	\$ (12,032,075)
(2,705,366)	-	(2,705,366)
(1,346,128)	-	(1,346,128)
<u>(16,083,569)</u>	<u>-</u>	<u>(16,083,569)</u>
(1,281,599)	-	(1,281,599)
(1,283,812)	-	(1,283,812)
(2,684,070)	-	(2,684,070)
(2,638,515)	-	(2,638,515)
<u>(1,451,221)</u>	<u>-</u>	<u>(1,451,221)</u>
<u>(9,339,217)</u>	<u>-</u>	<u>(9,339,217)</u>
(422,445)	-	(422,445)
(2,605,832)	-	(2,605,832)
(90,809)	-	(90,809)
-	-	-
<u>(1,473,248)</u>	<u>-</u>	<u>(1,473,248)</u>
<u>(4,592,334)</u>	<u>-</u>	<u>(4,592,334)</u>
<u>(30,015,120)</u>	<u>-</u>	<u>(30,015,120)</u>

WAUKEE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-Type Activities:				
Instructional:				
Regular instruction	\$ 2,230	\$ -	\$ -	\$ -
Support services:				
Administration services	253,986	62,155	-	-
Operation and maintenance of plant services	2,615	-	-	-
Transportation services	1,373	-	-	-
	257,974	62,155	-	-
Non-instructional programs:				
Food service operations	1,604,089	1,456,433	362,089	111,484
Daycare operations	307,483	371,744	-	-
	1,911,572	1,828,177	362,089	111,484
Total business-type activities	2,171,776	1,890,332	362,089	111,484
Total	\$ 37,552,418	\$ 4,302,124	\$ 3,315,819	\$ 111,484

General Revenues:

Property tax levied for:

    General purposes  
    Debt service  
    Capital outlay  
Local option sales and services tax  
Unrestricted state grants  
Unrestricted investment earnings  
Other

Total general revenues

Change in net assets

Net assets beginning of year, as restated (note 15)

Net assets end of year

\* = This amount excludes the depreciation that is included  
in the direct expense of the various programs.

See notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ -	\$ (2,230)	\$ (2,230)
-	(191,831)	(191,831)
-	(2,615)	(2,615)
-	(1,373)	(1,373)
-	(195,819)	(195,819)
-	325,917	325,917
-	64,261	64,261
-	390,178	390,178
-	192,129	192,129
(30,015,120)	192,129	(29,822,991)
12,504,759	-	12,504,759
3,974,070	-	3,974,070
1,956,408	-	1,956,408
3,467,268	-	3,467,268
13,589,697	-	13,589,697
602,452	21,735	624,187
361,325	-	361,325
36,455,979	21,735	36,477,714
6,440,859	213,864	6,654,723
11,615,536	1,007,706	12,623,242
\$ 18,056,395	\$ 1,221,570	\$ 19,277,965

WAUKEE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2006

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and pooled investments	\$ 5,252,836	\$ 219,819	\$ 17,345,234	\$ 1,753,649	\$ 24,571,538
Bond deposit with fiscal agent	-	44,550	-	-	44,550
Receivables:					
Property tax:					
Current year	38,897	14,030	-	8,194	61,121
Succeeding year	13,152,429	3,633,103	-	2,602,721	19,388,253
Accrued interest receivable	21,406	-	-	-	21,406
Interfund receivable (note 4)	20,724	-	-	-	20,724
Accounts	16,245	-	-	13,850	30,095
Due from other governments	229,899	-	610,589	-	840,488
Inventories	31,218	-	-	-	31,218
Prepaid expenses	169,764	-	-	-	169,764
Total assets	<u>\$ 18,933,418</u>	<u>\$ 3,911,502</u>	<u>\$ 17,955,823</u>	<u>\$ 4,378,414</u>	<u>\$ 45,179,157</u>



WAUKEE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2006

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 580,405	\$ -	\$ 848,547	\$ 43,865	\$ 1,472,817
Salaries and benefits payable	2,782,096	-	-	5,035	2,787,131
Interfund payable (note 4)	-	-	-	19,140	19,140
Contract payable	-	-	-	173,820	173,820
Bond deposit payable	-	44,550	-	-	44,550
Deferred revenue:					
Succeeding year property tax	13,152,429	3,633,103	-	2,602,721	19,388,253
Other	5,081	-	-	-	5,081
Total liabilities	<u>16,520,011</u>	<u>3,677,653</u>	<u>848,547</u>	<u>2,844,581</u>	<u>23,890,792</u>
Fund balance:					
Reserved for:					
Inventories	31,218	-	-	-	31,218
State grants	115,158	-	-	-	115,158
Debt service	-	233,849	-	-	233,849
Unreserved:					
Designated for:					
School program projects	99,501	-	-	-	99,501
Library	5,683	-	-	-	5,683
Industrial technology	1,522	-	-	-	1,522
Student testing	728	-	-	-	728
Reported in nonmajor Special Revenue Funds	-	-	-	1,533,833	1,533,833
Undesignated	2,159,597	-	17,107,276	-	19,266,873
Total fund balances	<u>2,413,407</u>	<u>233,849</u>	<u>17,107,276</u>	<u>1,533,833</u>	<u>21,288,365</u>
Total liabilities and fund balances	<u>\$ 18,933,418</u>	<u>\$ 3,911,502</u>	<u>\$ 17,955,823</u>	<u>\$ 4,378,414</u>	<u>\$ 45,179,157</u>

See notes to the basic financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2006

Total fund balances of governmental funds	\$ 21,288,365
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	67,132,844
The Internal Service Funds are used to charge the costs of the District's flexible benefits plan and self-funded dental plan to the governmental funds. The net assets of the Internal Service Funds are therefore included in governmental activities.	39,744
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(423,316)
Long-term liabilities, including bonds and notes payable, early retirement and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(69,981,242)</u>
Net assets of governmental activities	<u>\$ 18,056,395</u>

See notes to the basic financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2006

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 12,101,584	\$ 3,973,159	\$ 3,467,268	\$ 2,356,331	\$ 21,898,342
Tuition	1,267,893	-	-	-	1,267,893
Other	605,006	48,192	415,679	866,364	1,935,241
State sources	16,108,939	911	-	539	16,110,389
Federal sources	437,201	-	-	-	437,201
Total revenues	30,520,623	4,022,262	3,882,947	3,223,234	41,649,066
Expenditures:					
Current:					
Instruction:					
Regular instruction	14,227,612	-	85,162	184,985	14,497,759
Special instruction	3,387,132	-	-	-	3,387,132
Other instruction	1,424,277	-	-	672,519	2,096,796
	19,039,021	-	85,162	857,504	19,981,687
Support services:					
Student services	1,269,244	-	-	20,315	1,289,559
Instructional staff services	1,386,640	-	-	6,608	1,393,248
Administration services	2,614,010	6,000	24,181	67,128	2,711,319
Operation and maintenance of plant services	2,525,394	-	-	238,993	2,764,387
Transportation services	1,560,588	-	-	290	1,560,878
	9,355,876	6,000	24,181	333,334	9,719,391
Other expenditures:					
Capital outlay:					
Facilities acquisition	-	-	4,635,955	957,231	5,593,186
Debt service:					
Principal	-	2,230,000	-	-	2,230,000
Interest	-	2,500,741	-	-	2,500,741
Fiscal charges		6,959	-	83,850	90,809
AEA flowthrough	1,198,063	-	-	-	1,198,063
	1,198,063	4,737,700	4,635,955	1,041,081	11,612,799
Total expenditures	29,592,960	4,743,700	4,745,298	2,231,919	41,313,877
Excess (deficiency) of revenues over (under) expenditures	927,663	(721,438)	(862,351)	991,315	335,189

WAUKEE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2006

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Other financing sources (uses):					
Sale of equipment	\$ 50	\$ -	\$ -	\$ -	50
Sale of real property	-	-	-	26,000	26,000
Interfund transfers in	1,489	766,123	15,063,554	-	15,831,166
Interfund transfers out	-	-	-	(15,831,166)	(15,831,166)
Capital loan notes issued	-	-	-	15,000,000	15,000,000
Premium on sale of notes	-	-	-	147,404	147,404
Total other financing sources (uses)	1,539	766,123	15,063,554	(657,762)	15,173,454
Net change in fund balances	929,202	44,685	14,201,203	333,553	15,508,643
Fund balances beginning of year	1,484,205	189,164	2,906,073	1,200,280	5,779,722
Fund balances end of year	\$ <u>2,413,407</u>	\$ <u>233,849</u>	\$ <u>17,107,276</u>	\$ <u>1,533,833</u>	\$ <u>21,288,365</u>

See notes to the basic financial statements.

## WAUKEE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2006

Net change in fund balances - total governmental funds \$ 15,508,643

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 5,293,151	
Depreciation expense	<u>(1,598,381)</u>	3,694,770

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (2,219)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 2,230,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (105,091)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 135,660

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds but increase long-term liabilities in the Statement of Net Assets and do not affect the Statement of Activities. (15,000,000)

The change in net assets of the Internal Service Funds represent an undercharge to the governmental funds served and, therefore, increases expenses in the statement of activities. (20,904)

Change in net assets of governmental activities \$ 6,440,859

See notes to the basic financial statements.

## WAUKEE COMMUNITY SCHOOL DISTRICT

## STATEMENT OF NET ASSETS

## PROPRIETARY FUNDS

June 30, 2006

	Enterprise			Internal
	School	Nonmajor -	Total	Service
	Nutrition	Daycare		Funds
Assets				
Cash and cash equivalents	\$ 576,216	\$ 82,885	\$ 659,101	\$ 65,550
Accounts receivable	1,700	-	1,700	35
Due from other governments	5,001	-	5,001	-
Inventories	32,101	-	32,101	-
Capital assets, net of accumulated depreciation	564,552	13,536	578,088	-
Total assets	1,179,570	96,421	1,275,991	65,585
Liabilities				
Accounts payable	3,006	4,077	7,083	25,841
Salaries and benefits payable	1,324	15,094	16,418	-
Interfund payable	1,584	-	1,584	-
Deferred revenue	29,336	-	29,336	-
Total liabilities	35,250	19,171	54,421	25,841
Net Assets				
Invested in capital assets	564,552	13,536	578,088	-
Unrestricted	579,768	63,714	643,482	39,744
Total net assets	\$ 1,144,320	\$ 77,250	\$ 1,221,570	\$ 39,744

See notes to the basic financial statements.

## WAUKEE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2006

	School Nutrition	Enterprise Nonmajor - Daycare	Total	Internal Service Funds
Operating revenues:				
Local sources:				
Charges for services	\$ 1,518,588	\$ 371,744	\$ 1,890,332	\$ 371,699
Operating expenses:				
Instruction:				
Regular instruction	-	2,230	2,230	-
Support services:				
Administration services	251,957	2,029	253,986	-
Operation and maintenance of plant services	2,615	-	2,615	-
Transportation services	-	1,373	1,373	-
Non-instructional programs	1,604,089	307,483	1,911,572	392,660
	1,858,661	313,115	2,171,776	392,660
Operating income (loss)	(340,073)	58,629	(281,444)	(20,961)
Non-operating revenues:				
Interest on investments	20,054	1,681	21,735	57
Capital contributions	111,484	-	111,484	-
State sources	18,405	-	18,405	-
Federal sources	343,684	-	343,684	-
Total non-operating revenues	493,627	1,681	495,308	57
Change in net assets	153,554	60,310	213,864	(20,904)
Net assets beginning of year, as restated (note 15)	990,766	16,940	1,007,706	60,648
Net assets end of year	\$ 1,144,320	\$ 77,250	\$ 1,221,570	\$ 39,744

See notes to the basic financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2006

	School Nutrition	Enterprise Nonmajor - Daycare	Total	Internal Service Funds
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 1,451,274	\$ -	\$ 1,451,274	\$ -
Cash received from miscellaneous operating activities	73,767	372,544	446,311	371,664
Cash payments to employees for services	(674,413)	(260,337)	(934,750)	-
Cash payments to suppliers for goods or services	(1,038,089)	(35,961)	(1,074,050)	(366,819)
Net cash provided by (used by) operating activities	(187,461)	76,246	(111,215)	4,845
Cash flows from non-capital financing activities:				
State grants received	18,405	-	18,405	-
Federal grants received	281,118	-	281,118	-
Net cash provided by non-capital financing activities	299,523	-	299,523	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(12,293)	-	(12,293)	-
Cash flows from investing activities:				
Interest on investments	20,054	1,681	21,735	57
Net increase in cash and cash equivalents	119,823	77,927	197,750	4,902
Cash and cash equivalents beginning of year, as restated	456,393	4,958	461,351	60,648
Cash and cash equivalents end of year	\$ 576,216	\$ 82,885	\$ 659,101	\$ 65,550



WAUKEE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2006

	School Nutrition	Enterprise Nonmajor - Daycare	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:				
Operating income (loss)	\$ (340,073)	\$ 58,629	\$ (281,444)	\$ (20,961)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Depreciation	87,014	752	87,766	-
Commodities used	62,566	-	62,566	-
(Increase) in accounts receivable	(1,144)	-	(1,144)	(35)
Decrease in due from other governments	497	800	1,297	-
(Increase) in inventories	(4,497)	-	(4,497)	-
Increase (decrease) in accounts payable	(2,496)	3,844	1,348	25,841
Increase (decrease) in salaries and benefits payable	(4,109)	12,221	8,112	-
Increase in interfund payable	1,584	-	1,584	-
Increase in deferred revenue	7,100	-	7,100	-
Loss on disposal of capital assets	6,097	-	6,097	-
Net cash provided by (used by) operating activities	\$ <u>(187,461)</u>	\$ <u>76,246</u>	\$ <u>(111,215)</u>	\$ <u>4,845</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2006, the District received \$62,566 of federal commodities and \$111,484 of capital contributions.

See notes to the basic financial statements.

## WAUKEE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2006

	Private Purpose Trust	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Cash and pooled investments	\$ <u>219,690</u>	\$ <u>6,477</u>
Liabilities:		
Accounts payable	-	679
Other payables	<u>-</u>	<u>5,798</u>
Total liabilities	<u>-</u>	<u>6,477</u>
Net assets:		
Reserved for scholarships	\$ <u><u>219,690</u></u>	\$ <u><u>-</u></u>

See notes to the basic financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
Year Ended June 30, 2006

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 50,000
Interest	<u>7,201</u>
Total additions	<u>57,201</u>
Deductions:	
Support services:	
Scholarships awarded	<u>5,065</u>
Change in net assets	52,136
Net assets beginning of year	<u>167,554</u>
Net assets end of year	\$ <u><u>219,690</u></u>
See notes to the basic financial statements.	

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 1. Summary of Significant Accounting Policies

Waukee Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Waukee, Iowa, portions of the Cities of West Des Moines, Clive, and Urbandale, and the agricultural territory in Dallas County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Waukee Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Waukee Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following proprietary funds:

The Enterprise, School Nutrition Fund is a major fund and is used to account for the food service operations of the District.

The Enterprise, Daycare Fund is a nonmajor fund and is used to account for the daycare service operations of the District.

The Internal Service Funds include the Flexible Benefits Fund and the Self-Funded Dental Plan Fund which are used to account for the flexible benefits program and the dental insurance plan offered by the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

All proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the statement of net assets and the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investments in the Iowa Schools Joint Investment Trust and IPASeducation, which are valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2005.

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been paid or received as of June 30, 2006, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and contributed value for government commodities. Inventories of governmental and proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund Equipment	500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-20 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.



WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental funds consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end. Deferred revenue for proprietary funds and business-type activities consists of unearned lunch revenues.

Deferred revenue in the Statement of Net Assets for governmental activities consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets, net of related debt – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 2. Cash and Pooled Investments

As of June 30, 2006 the carrying amount of the District's bank deposits and pooled investments totaled \$25,522,356 with actual bank balances of \$2,753,463 and investment balances of \$23,817,761. Of the bank balances, \$200,000 was covered by federal depository insurance and \$2,553,463 was collateralized by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District's investments at June 30, 2006 are as follows:

<u>Type</u>	<u>Amortized Cost/Fair Value</u>
Iowa Schools Joint Investment Trust -	
Diversified Portfolio	\$ 608,713
IPASeducation	22,997,371
Money Market Mutual Fund	11,677
Negotiable Certificates of Deposit	<u>200,000</u>
	<u>\$ 23,817,761</u>

The investments in the Iowa Schools Joint Investment Trust and IPASeducation are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The negotiable certificates of deposit and money market mutual fund are stated at fair value.

Credit Risk – The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service. The investments in IPASeducation and the money market mutual fund are unrated.

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Student Activity	\$ 1,489
Debt Service	Physical Plant and Equipment Levy	766,123
Capital Projects	Physical Plant and Equipment Levy	<u>15,063,554</u>
Total		<u>\$ 15,831,166</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 4. Interfund Receivables and Payables

At June 30, 2006, the interfund receivables and payables consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Interfund balances between Governmental Funds:		
Pooled cash balances:		
General	Special Revenue - Management Levy	\$ 18,540
Other receivables:		
General	Special Revenue - Student Activity	<u>600</u>
		<u>19,140</u>
Interfund balances between Proprietary and Governmental Funds:		
Other receivables:		
General	Enterprise - School Nutrition	<u>1,584</u>
Total		<u>\$ 20,724</u>

Pooled cash balances are temporary financing between funds which is necessary due to the timing of expected tax collections. These balances are not included on the District-wide Statement of Net Assets.

Other receivable interfund balances are due to timing differences involved in the reimbursement of expenses at year end to the General Fund. The balances between Governmental Funds are not included on the District-wide Statement of Net Assets. The balances between Proprietary and Governmental Funds have been eliminated on the face of the District-wide Statement of Net Assets.

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2006 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,707,530	\$ 695,302	\$ -	\$ 3,402,832
Construction in progress	10,213,540	4,113,323	11,300,868	3,025,995
Total capital assets not being depreciated	<u>12,921,070</u>	<u>4,808,625</u>	<u>11,300,868</u>	<u>6,428,827</u>
Capital assets being depreciated:				
Buildings	55,025,914	10,955,614	-	65,981,528
Improvements other than buildings	2,707,142	537,139	-	3,244,281
Furniture and equipment	1,620,252	292,641	20,273	1,892,620
Total capital assets being depreciated	<u>59,353,308</u>	<u>11,785,394</u>	<u>20,273</u>	<u>71,118,429</u>
Less accumulated depreciation for:				
Buildings	7,037,141	1,314,836	-	8,351,977
Improvements other than buildings	1,106,915	121,156	-	1,228,071
Furniture and equipment	690,029	162,389	18,054	834,364
Total accumulated depreciation	<u>8,834,085</u>	<u>1,598,381</u>	<u>18,054</u>	<u>10,414,412</u>
Total capital assets being depreciated, net	<u>50,519,223</u>	<u>10,187,013</u>	<u>2,219</u>	<u>60,704,017</u>
Governmental activities capital assets, net	<u>\$ 63,440,293</u>	<u>\$ 14,995,638</u>	<u>\$ 11,303,087</u>	<u>\$ 67,132,844</u>

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 5. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 963,414	\$ 123,777	\$ 11,812	\$ 1,075,379
Less accumulated depreciation	<u>415,240</u>	<u>87,766</u>	<u>5,715</u>	<u>497,291</u>
Business-type activities capital assets, net	<u>\$ 548,174</u>	<u>\$ 36,011</u>	<u>\$ 6,097</u>	<u>\$ 578,088</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:

    Instruction:

        Regular

\$ 62,392

    Support services:

        Administration

33,295

        Operation and maintenance of plant services

29,446

125,133

Unallocated depreciation

1,473,248

Total governmental activities depreciation expense

\$ 1,598,381

Business-type activities:

    Food service operations

\$ 87,014

    Daycare operations

752

Total business-type activities depreciation expense

\$ 87,766

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2006 is as follows:

	Early Retirement	General Obligation Bonds	Capital Loan Notes	Compensated Absences	Total
Balance beginning of year	\$ 556,719	\$ 55,945,000	\$ 730,000	\$ 115,183	\$ 57,346,902
Additions	48,921	-	15,000,000	116,074	15,164,995
Reductions	185,472	1,500,000	730,000	115,183	2,530,655
Balance end of year	<u>\$ 420,168</u>	<u>\$ 54,445,000</u>	<u>\$ 15,000,000</u>	<u>\$ 116,074</u>	<u>\$ 69,981,242</u>
Due within one year	<u>\$ 83,409</u>	<u>\$ 1,970,000</u>	<u>\$ 1,095,000</u>	<u>\$ 116,074</u>	<u>\$ 3,264,483</u>

Early Retirement

The District offers a voluntary early retirement plan to its employees. Eligible employees must be at least age fifty-five but less than sixty-one years old and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement incentive for each eligible employee is equal to 30% of the average of the employee's highest three years of salary. In addition, the District will pay an amount equal to the medical insurance single premium of the first year of retirement towards the cost of medical insurance until the employee reaches the age of sixty-five. The early retirement cash benefits will be paid in July following the start of retirement. Early retirement benefits are paid by the Special Revenue, Management Levy Fund.

At June 30, 2006, the District has obligations to nineteen participants with a total liability of \$420,168. Actual early retirement expenditures for the year ended June 30, 2006 totaled \$181,420. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 6. Long-Term Liabilities (continued)

Bonds Payable

Details of the District's June 30, 2006 general obligation bonded indebtedness are as follows:

Year Ending June 30,	July 1, 1997 Issue			
	Interest Rates	Principal	Interest	Total
2007	4.80 %	\$ 100,000	\$ 83,298	\$ 183,298
2008	4.90	105,000	78,498	183,498
2009	5.00	115,000	73,352	188,352
2010	5.10	120,000	67,602	187,602
2011	5.15	130,000	61,482	191,482
2012	5.20	150,000	54,788	204,788
2013	5.25	150,000	46,988	196,988
2014	5.25	165,000	39,112	204,112
2015	5.25	190,000	30,450	220,450
2016	5.25	190,000	20,475	210,475
2017	5.25	200,000	10,500	210,500
Subtotal		1,615,000	566,545	2,181,545

  

Year Ending June 30,	July 1, 1998 Issue			
	Interest Rates	Principal	Interest	Total
2007	4.50 %	\$ 115,000	\$ 123,430	\$ 238,430
2008	4.50	115,000	118,255	233,255
2009	4.50	120,000	113,080	233,080
2010	4.55	125,000	107,680	232,680
2011	4.60	115,000	101,992	216,992
2012	4.65	115,000	96,702	211,702
2013	4.65	205,000	91,355	296,355
2014	4.70	230,000	81,822	311,822
2015	4.75	360,000	71,012	431,012
2016	4.75	390,000	53,912	443,912
2017	4.75	260,000	35,388	295,388
2018	4.75	485,000	23,038	508,038
Subtotal		2,635,000	1,017,666	3,652,666

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

Year Ending June 30,	June 1, 1999 Issue			
	Interest Rates	Principal	Interest	Total
2007	4.20 %	\$ 50,000	\$ 163,105	\$ 213,105
2008	4.30	50,000	161,005	211,005
2009	4.40	50,000	158,855	208,855
2010	4.40	50,000	156,655	206,655
2011	4.50	50,000	154,455	204,455
2012	4.50	80,000	152,205	232,205
2013	4.60	375,000	148,605	523,605
2014	4.65	375,000	131,355	506,355
2015	4.70	375,000	113,918	488,918
2016	4.75	375,000	96,292	471,292
2017	4.80	530,000	78,480	608,480
2018	4.80	530,000	53,040	583,040
2019	4.80	575,000	27,600	602,600
Subtotal		3,465,000	1,595,570	5,060,570

  

Year Ending June 30,	May 1, 2000 Issue			
	Interest Rates	Principal	Interest	Total
2007	5.100 %	\$ 90,000	\$ 229,960	\$ 319,960
2008	5.100	100,000	225,370	325,370
2009	5.100	105,000	220,270	325,270
2010	5.100	125,000	214,915	339,915
2011	5.100	135,000	208,540	343,540
2012	5.125	110,000	201,655	311,655
2013	5.200	290,000	196,018	486,018
2014	5.250	305,000	180,937	485,937
2015	5.300	190,000	164,925	354,925
2016	5.400	220,000	154,855	374,855
2017	5.400	850,000	142,975	992,975
2018	5.500	860,000	97,075	957,075
2019	5.500	905,000	49,775	954,775
Subtotal		4,285,000	2,287,270	6,572,270



WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

Year Ending June 30,	March 1, 2001 Issue			
	Interest Rates	Principal	Interest	Total
2007	4.10 %	\$ 115,000	\$ 131,635	\$ 246,635
2008	4.20	120,000	126,920	246,920
2009	4.30	125,000	121,880	246,880
2010	4.40	130,000	116,505	246,505
2011	4.50	135,000	110,785	245,785
2012	4.60	140,000	104,710	244,710
2013	4.70	145,000	98,270	243,270
2014	4.80	150,000	91,455	241,455
2015	4.85	155,000	84,255	239,255
2016	4.90	160,000	76,738	236,738
2017	4.95	205,000	68,898	273,898
2018	5.00	215,000	58,750	273,750
2019	5.00	415,000	48,000	463,000
2020	5.00	545,000	27,250	572,250
Subtotal		2,755,000	1,266,051	4,021,051

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

Year Ending June 30,	April 1, 2002 Issue			
	Interest Rates	Principal	Interest	Total
2007	3.500 %	\$ 185,000	\$ 276,021	\$ 461,021
2008	3.750	190,000	269,546	459,546
2009	4.000	195,000	262,421	457,421
2010	4.000	200,000	254,621	454,621
2011	4.050	210,000	246,621	456,621
2012	4.150	220,000	238,116	458,116
2013	4.250	230,000	228,986	458,986
2014	4.300	240,000	219,211	459,211
2015	4.400	250,000	208,892	458,892
2016	4.500	260,000	197,891	457,891
2017	4.600	435,000	186,191	621,191
2018	4.625	515,000	166,181	681,181
2019	4.700	750,000	142,363	892,363
2020	4.750	1,050,000	107,113	1,157,113
2021	4.750	1,205,000	57,238	1,262,238
Subtotal		6,135,000	3,061,412	9,196,412

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

Year Ending June 30,	November 15, 2002 Issue			
	Interest Rates	Principal	Interest	Total
2007	2.75 %	\$ 530,000	\$ 165,900	\$ 695,900
2008	3.00	550,000	151,325	701,325
2009	3.00	595,000	134,825	729,825
2010	3.25	640,000	116,975	756,975
2011	3.30	640,000	96,175	736,175
2012	3.40	680,000	75,055	755,055
2013	3.60	100,000	51,935	151,935
2014	3.80	105,000	48,335	153,335
2015	4.00	110,000	44,345	154,345
2016	4.00	115,000	39,945	154,945
2017	4.10	120,000	35,345	155,345
2018	4.20	125,000	30,425	155,425
2019	4.30	130,000	25,175	155,175
2020	4.40	140,000	19,585	159,585
2021	4.50	145,000	13,425	158,425
2022	4.60	150,000	6,900	156,900
Subtotal		4,875,000	1,055,670	5,930,670

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

Year Ending June 30,	June 1, 2003 Issue			
	Interest Rates	Principal	Interest	Total
2007	2.25 %	\$ 105,000	\$ 326,933	\$ 431,933
2008	2.50	105,000	324,570	429,570
2009	2.75	105,000	321,945	426,945
2010	3.00	110,000	319,058	429,058
2011	3.00	110,000	315,758	425,758
2012	3.10	120,000	312,458	432,458
2013	3.25	100,000	308,738	408,738
2014	3.35	100,000	305,488	405,488
2015	3.45	100,000	302,138	402,138
2016	3.55	105,000	298,688	403,688
2017	3.65	105,000	294,960	399,960
2018	3.75	110,000	291,128	401,128
2019	3.85	205,000	287,003	492,003
2020	3.90	1,200,000	279,110	1,479,110
2021	4.00	1,730,000	232,310	1,962,310
2022	4.00	1,915,000	163,110	2,078,110
2023	4.10	2,110,000	86,510	2,196,510
Subtotal		8,435,000	4,769,905	13,204,905

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

Year Ending June 30,	June 1, 2004 Issue			
	Interest Rates	Principal	Interest	Total
2007	3.50 %	\$ 110,000	\$ 390,150	\$ 500,150
2008	3.50	105,000	386,300	491,300
2009	3.50	110,000	382,625	492,625
2010	3.50	115,000	378,775	493,775
2011	3.50	110,000	374,750	484,750
2012	4.00	105,000	370,900	475,900
2013	4.00	100,000	366,700	466,700
2014	4.00	105,000	362,700	467,700
2015	3.80	110,000	358,500	468,500
2016	3.90	115,000	354,320	469,320
2017	4.00	110,000	349,835	459,835
2018	4.10	115,000	345,435	460,435
2019	4.15	120,000	340,720	460,720
2020	4.30	315,000	335,740	650,740
2021	4.40	315,000	322,195	637,195
2022	4.40	1,480,000	308,335	1,788,335
2023	4.40	1,585,000	243,215	1,828,215
2024	4.50	3,855,000	173,475	4,028,475
Subtotal		8,980,000	6,144,670	15,124,670

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

Year Ending June 30,	February 1, 2005 Issue			
	Interest Rates	Principal	Interest	Total
2007	4.00 %	\$ 225,000	\$ 200,100	\$ 425,100
2008	4.00	225,000	191,100	416,100
2009	4.00	225,000	182,100	407,100
2010	4.00	225,000	173,100	398,100
2011	3.25	225,000	164,100	389,100
2012	3.15	300,000	156,788	456,788
2013	3.30	300,000	147,337	447,337
2014	3.40	300,000	137,438	437,438
2015	3.50	300,000	127,237	427,237
2016	3.60	300,000	116,738	416,738
2017	3.70	325,000	105,937	430,937
2018	3.80	325,000	93,913	418,913
2019	3.90	325,000	81,562	406,562
2020	3.95	325,000	68,888	393,888
2021	4.00	325,000	56,050	381,050
2022	4.05	350,000	43,050	393,050
2023	4.10	350,000	28,875	378,875
2024	4.15	350,000	14,525	364,525
Subtotal		5,300,000	2,088,838	7,388,838

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 6. Long-Term Liabilities (continued)

Bonds Payable (continued)

Year Ending June 30,	March 1, 2005 Issue			
	Interest Rates	Principal	Interest	Total
2007	3.45 %	\$ 345,000	\$ 205,793	\$ 550,793
2008	3.45	520,000	193,890	713,890
2009	3.45	535,000	175,950	710,950
2010	3.45	520,000	157,492	677,492
2011	3.45	575,000	139,553	714,553
2012	3.45	570,000	119,715	689,715
2013	3.45	680,000	100,050	780,050
2014	3.45	705,000	76,590	781,590
2015	3.45	745,000	52,267	797,267
2016	3.45	770,000	26,565	796,565
Subtotal		5,965,000	1,247,865	7,212,865
Total		\$ 54,445,000	\$ 25,101,462	\$ 79,546,462

Capital Loan Notes

Details of the District's June 30, 2006 capital loan note indebtedness are as follows:

Year Ending June 30,	February 1, 2006			
	Interest Rates	Principal	Interest	Total
2007	3.500 %	\$ 1,095,000	\$ 742,258	\$ 1,837,258
2008	3.500	1,330,000	518,369	1,848,369
2009	3.500	1,380,000	471,819	1,851,819
2010	3.500	1,430,000	423,519	1,853,519
2011	3.500	1,480,000	373,469	1,853,469
2012	3.625	1,535,000	321,669	1,856,669
2013	3.750	1,590,000	266,025	1,856,025
2014	4.000	1,655,000	206,400	1,861,400
2015	4.000	1,720,000	140,200	1,860,200
2016	4.000	1,785,000	71,400	1,856,400
Total		\$ 15,000,000	\$ 3,535,128	\$ 18,535,128

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 7. Operating Leases

The District is obligated under equipment leases for two trucks and for several copiers. These leases are accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations and therefore are not included as capital assets or long-term liabilities in the District-wide financial statements. The agreements provide for monthly lease payments of \$815 for the trucks and monthly lease payments of \$12,322 for the copiers.

The total annual lease payments under the lease agreements are as follows:

Year Ending June 30,	Truck Leases	Copier Leases	Total
2007	\$ 9,341	\$ 147,863	\$ 157,204
2008	9,779	147,863	157,642
2009	5,197	49,288	54,485
Total	\$ <u>24,317</u>	\$ <u>345,014</u>	\$ <u>369,331</u>

The total payments under the lease agreements for the year ended June 30, 2006 were \$158,080.

Note 8. Short-Term Debt Activity

During the year ended June 30, 2006, the District entered into a short-term loan from the Capital Projects Fund to the General Fund. The loan was necessary to provide temporary financing during the period of low cash flows. The short-term loan included interest at 3.63%. A summary of the activity for the year ended June 30, 2006 is as follows:

Balance Beginning of Year	Loans Received	Loans Repaid	Balance End of Year
\$ -	\$ 500,000	\$ 500,000	\$ -

Note 9. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$1,042,037, \$893,429, and \$755,371 respectively, equal to the required contributions for each year.



WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 10. Risk Management

Waukee Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from coverage in the prior years.

Partial Self-Funded Dental Insurance Plan

The District began a partial self-funded dental insurance plan during the year ended June 30, 2005. The plan is administered through a service agreement with Seabury and Smith. The District assumes liability for a maximum of the first \$1,000 of dental claims for each employee who participates in the plan. Employees participating in the plan are charged a premium each year to cover any estimated costs of the plan. The District reports the plan in the Internal Service, Self-Funded Dental Plan Fund. There was no claims liability at June 30, 2006.

A reconciliation of changes in the aggregate liabilities for claims for the year ended June 30, 2006 is as follows:

Unpaid claims at July 1, 2005	\$ <u>          -</u>
Incurred claims	<u>      133,740</u>
Payment	<u>      133,740</u>
Unpaid claims at June 30, 2006	\$ <u><u>          -</u></u>

Note 11. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,198,063 for the year ended June 30, 2006 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 12. Construction Commitments

The District entered into various contracts totaling \$19,303,600 for additions to the high school and administrative building and for the construction of a new elementary school. As of June 30, 2006, costs of \$1,709,426 had been incurred against the contracts. The balance of \$17,594,174 remaining at June 30, 2006 will be paid as work on the projects progresses.

Note 13. Contingency

The District has three ongoing lawsuits. The proceedings are still in the litigation stage and their outcomes cannot be determined at this time.

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2006

Note 14. Deficit Balance

The Special Revenue, Management Levy Fund within the nonmajor governmental funds had a deficit fund balance of \$17,545 at June 30, 2006.

Note 15. Restatement of Beginning Balances

The beginning balance of the Self-Funded Dental Plan Fund has been reclassified from the General Fund to an Internal Service Fund to properly reflect the nature of the fund as shown below:

	Proprietary Internal Service Funds	Governmental Activities
Beginning net assets, as previously reported	\$ 38,489	\$ 11,593,377
Amount reclassified to Internal Service Fund	<u>22,159</u>	<u>22,159</u>
Beginning net assets, as restated	<u>\$ 60,648</u>	<u>\$ 11,615,536</u>

Note 16. Disaggregation of Receivables and Payables

Receivables and payables are disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the next year.

Note 17. Subsequent Event

On July 1, 2006, the District issued \$4,435,000 of general obligation refunding bonds. The refunding bonds will be used to advance refund the District's outstanding bonds dated May 1, 2000 with interest rates ranging from 5.10% to 5.50%. The refunding bonds will be paid over thirteen years with interest rates ranging from 4.00% to 4.25%.

## REQUIRED SUPPLEMENTARY INFORMATION

WAUKEE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances –  
Budget and Actual (Accrual Basis) – All Governmental Funds  
and Proprietary Funds  
Required Supplementary Information  
Year Ended June 30, 2006

	Governmental Funds - Actual	Proprietary Funds - Enterprise - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 25,101,476	\$ 2,023,551	\$ 27,125,027	\$ 22,649,020	\$ 22,649,020	\$ 4,476,007
State sources	16,110,389	18,405	16,128,794	15,686,474	15,686,474	442,320
Federal sources	437,201	343,684	780,885	485,080	485,080	295,805
Total revenues	41,649,066	2,385,640	44,034,706	38,820,574	38,820,574	5,214,132
EXPENDITURES:						
Instruction	19,981,687	2,230	19,983,917	18,755,000	20,000,000	16,083
Support services	9,719,391	257,974	9,977,365	9,700,000	11,000,000	1,022,635
Non-instructional programs	-	1,911,572	1,911,572	2,050,000	2,500,000	588,428
Other expenditures	11,612,799	-	11,612,799	17,187,835	32,187,835	20,575,036
Total expenditures	41,313,877	2,171,776	43,485,653	47,692,835	65,687,835	22,202,182
Excess (deficiency) of revenues over (under) expenditures	335,189	213,864	549,053	(8,872,261)	(26,867,261)	27,416,314
Other financing sources, net	15,173,454	-	15,173,454	10,000,000	10,000,000	5,173,454
Excess (deficiency) of revenues and other financing sources over (under) expenditures	15,508,643	213,864	15,722,507	1,127,739	(16,867,261)	32,589,768
Balance beginning of year	5,779,722	1,007,706	6,787,428	4,537,414	4,537,414	2,250,014
Balance end of year	\$ 21,288,365	\$ 1,221,570	\$ 22,509,935	\$ 5,665,153	\$ (12,329,847)	\$ 34,839,782

See accompanying independent auditor's report.

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2006

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the modified accrual basis. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$17,995,000.

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## OTHER SUPPLEMENTARY INFORMATION

## WAUKEE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2006

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Assets				
Cash and pooled investments	\$ -	\$ 399,037	\$ 1,354,612	\$ 1,753,649
Receivables:				
Property tax:				
Current year	1,287	-	6,907	8,194
Succeeding year	425,445	-	2,177,276	2,602,721
Accounts	-	13,850	-	13,850
Total assets	<u>\$ 426,732</u>	<u>\$ 412,887</u>	<u>\$ 3,538,795</u>	<u>\$ 4,378,414</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 292	\$ 42,424	\$ 1,149	\$ 43,865
Salaries and benefits payable	-	5,035	-	5,035
Interfund payable	18,540	600	-	19,140
Contract payable	-	-	173,820	173,820
Deferred revenue:				
Succeeding year property tax	425,445	-	2,177,276	2,602,721
Total liabilities	<u>444,277</u>	<u>48,059</u>	<u>2,352,245</u>	<u>2,844,581</u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>(17,545)</u>	<u>364,828</u>	<u>1,186,550</u>	<u>1,533,833</u>
Total liabilities and fund equity	<u>\$ 426,732</u>	<u>\$ 412,887</u>	<u>\$ 3,538,795</u>	<u>\$ 4,378,414</u>

See accompanying independent auditor's report.



WAUKEE COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2006

	Special Revenue			
	Management	Student	Physical	
	Levy	Activity	Plant and	
			Equipment	Total
			Levy	
Revenues:				
Local sources:				
Local tax	\$ 400,372	\$ -	\$ 1,955,959	\$ 2,356,331
Other	13,685	807,221	45,458	866,364
State sources	90	-	449	539
Total revenues	414,147	807,221	2,001,866	3,223,234
Expenditures:				
Current:				
Instruction:				
Regular instruction	184,985	-	-	184,985
Other instruction	-	672,519	-	672,519
Support services:				
Student services	20,315	-	-	20,315
Instructional staff services	6,608	-	-	6,608
Administration services	66,652	408	68	67,128
Operation and maintenance of plant services	180,364	-	58,629	238,993
Transportation services	-	290	-	290
Other expenditures:				
Capital outlay:				
Facilities acquisition	-	-	957,231	957,231
Long term debt:				
Fiscal charges	-	-	83,850	83,850
Total expenditures	458,924	673,217	1,099,778	2,231,919
Excess (deficiency) of revenues over (under) expenditures	(44,777)	134,004	902,088	991,315
Other financing sources (uses):				
Sale of real property	-	-	26,000	26,000
Interfund transfers out	-	(1,489)	(15,829,677)	(15,831,166)
Capital loan notes issued	-	-	15,000,000	15,000,000
Premium on sale of notes	-	-	147,404	147,404
Total other financing sources (uses)	-	(1,489)	(656,273)	(657,762)

WAUKEE COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2006

	Special Revenue			
	Management	Student	Physical	
	Levy	Activity	Plant and	
			Equipment	Total
			Levy	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (44,777)	\$ 132,515	\$ 245,815	\$ 333,553
Fund balances beginning of year	27,232	232,313	940,735	1,200,280
Fund balances end of year	<u>\$ (17,545)</u>	<u>\$ 364,828</u>	<u>\$ 1,186,550</u>	<u>\$ 1,533,833</u>

See accompanying independent auditor's report.

## WAUKEE COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF NET ASSETS  
INTERNAL SERVICE FUNDS

June 30, 2006

	Flexible Benefits	Self-Funded Dental Plan	Total
Assets			
Cash and pooled investments	\$ 44,957	\$ 20,593	\$ 65,550
Accounts receivable	-	35	35
Total assets	<u>44,957</u>	<u>20,628</u>	<u>65,585</u>
Liabilities			
Accounts payable	<u>25,841</u>	-	<u>25,841</u>
Net Assets			
Unrestricted	<u>\$ 19,116</u>	<u>\$ 20,628</u>	<u>\$ 39,744</u>

See accompanying independent auditor's report.

## WAUKEE COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
INTERNAL SERVICE FUNDS  
Year Ended June 30, 2006

	Flexible Benefits	Self-Funded Dental Plan	Total
Operating revenues:			
Local sources:			
Charges for services	\$ 212,347	\$ 159,352	\$ 371,699
Operating expenses:			
Non-instructional programs:			
Benefits	228,636	133,740	362,376
Other	3,141	27,143	30,284
Total expenses	231,777	160,883	392,660
Operating loss	(19,430)	(1,531)	(20,961)
Non-operating revenues:			
Interest on investments	57	-	57
Change in net assets	(19,373)	(1,531)	(20,904)
Net assets beginning of year, as restated	38,489	22,159	60,648
Net assets end of year	\$ 19,116	\$ 20,628	\$ 39,744

See accompanying independent auditor's report.

## WAUKEE COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
Year Ended June 30, 2006

	Flexible Benefits	Self-Funded Dental Plan	Total
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 212,347	\$ 159,317	\$ 371,664
Cash payments to suppliers for goods or services	(205,936)	(160,883)	(366,819)
Net cash provided by (used by) operating activities	<u>6,411</u>	<u>(1,566)</u>	<u>4,845</u>
Cash flows from investing activities:			
Interest on investments	<u>57</u>	<u>-</u>	<u>57</u>
Net increase (decrease) in cash and cash equivalents	6,468	(1,566)	4,902
Cash and cash equivalents at beginning of year, as restated	<u>38,489</u>	<u>22,159</u>	<u>60,648</u>
Cash and cash equivalents at end of year	<u>\$ 44,957</u>	<u>\$ 20,593</u>	<u>\$ 65,550</u>
Reconciliation of operating loss to net cash provided by (used by) operating activities:			
Operating loss	\$ (19,430)	\$ (1,531)	\$ (20,961)
Adjustments to reconcile operating loss to net cash provided by (used by) operating activities:			
(Increase) in accounts receivable	-	(35)	(35)
Increase in accounts payable	<u>25,841</u>	<u>-</u>	<u>25,841</u>
Net cash provided by (used by) operating activities	<u>\$ 6,411</u>	<u>\$ (1,566)</u>	<u>\$ 4,845</u>

See accompanying independent auditor's report.

WAUKEE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2006

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
High School:				
Ambassadors	\$ 78	\$ -	\$ -	78
Annual	19,858	27,425	26,284	20,999
Art Club	467	190	520	137
Athletics	8,738	285,189	242,205	51,722
Auditorium	180	-	-	180
Band Resale	(1,512)	13,954	12,442	-
Baseball	(173)	5,643	5,469	1
Baseball/Softball Facility	8,367	10,989	1,794	17,562
Best Buddies	49	2,177	2,179	47
Boys Basketball	(1,693)	26,136	16,700	7,743
Boys Cross Country	5	1,334	432	907
Boys Golf	878	1,980	2,811	47
Boys Soccer	135	4,244	2,941	1,438
Boys Track	530	2,870	2,401	999
Cheerleaders	1,293	9,134	4,286	6,141
Class of 2003	746	-	746	-
Class of 2004	202	-	202	-
Class of 2005	2,942	-	-	2,942
Class of 2006	2,635	2,030	2,086	2,579
Class of 2007	6,212	7,121	6,426	6,907
Class of 2008	3,030	3,465	1,200	5,295
Class of 2009	-	4,009	-	4,009
Dance/Drill Team	1,777	8,789	8,775	1,791
Drama	(1,465)	2,530	1,065	-
Drumline	73	-	-	73
Electrathon	144	-	-	144
FCCLA Club	-	582	340	242
Flag Team/Color Guard	226	2,144	1,556	814
Football	(3,025)	40,305	37,280	-
Foreign Language Club	1,049	2,810	3,860	(1)
German/International Club	715	1,533	1,518	730
Girls Basketball	(278)	21,043	19,633	1,132
Girls Cross Country	1,384	2,115	2,738	761
Girls Golf	328	455	723	60
Girls Soccer	939	4,896	2,688	3,147
Girls Track	(554)	3,579	3,026	(1)
HS Improvement	6,798	6,388	3,632	9,554

WAUKEE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2006

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
High School (continued):				
HS Musical	\$ 8,642	\$ 5,270	\$ 9,065	\$ 4,847
Industrial Arts	335	1,927	2,262	-
Interest	5,710	11,302	705	16,307
Pep Club	413	203	449	167
SADD	85	-	-	85
SELF Room	2,251	612	961	1,902
Skills USA	672	-	-	672
Softball	1,941	2,663	4,604	-
Speech	4,936	-	804	4,132
Student Council	2,469	7,104	7,378	2,195
Swing Choir	1,485	-	1,486	(1)
Vocal Music	8,877	18,907	24,274	3,510
Volleyball	4,638	10,651	9,561	5,728
Weight Room	3,723	1,361	3,192	1,892
Wrestling	3,301	15,117	16,796	1,622
Youth for Safe Schools	380	-	-	380
Prairieview:				
Athletic Resale	3,987	18,024	13,832	8,179
Band Resale	142	790	931	1
Concessions	292	-	-	292
Dance Team	1,909	1,300	1,609	1,600
Home Ec Resale	-	30	30	-
Improvement Fund	7,280	13,468	11,281	9,467
Ind Tech	84	688	772	-
Student Council	906	2,598	2,599	905
Swing Choir	1,232	44	805	471
Technology	-	620	212	408
Yearbook	4,034	11,110	4,995	10,149
Middle School:				
6th Grade	116	14	-	130
7th Grade	79	56	-	135
8th Grade	204	-	-	204
Athletic Resale	4,323	3,045	5,437	1,931
Band	1,168	3,106	3,262	1,012
Concessions	12,211	503	11,543	1,171
Drama/Speech/Musical	3,833	1,004	1,360	3,477
Home Ec Resale	(25)	564	540	(1)
Improvement Fund	16,243	67,260	58,630	24,873
MS SELF	505	316	271	550

WAUKEE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2006

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Middle School (continued):				
Student Council	\$ 1,848	\$ 1,713	\$ 3,561	\$ -
Swing Choir	1,887	3,567	2,187	3,267
Yearbook	823	7,860	8,382	301
Elementary:				
BV Band	89	-	-	89
BV Improvement	11,890	8,763	8,257	12,396
BV Student Council	2,586	841	1,216	2,211
Eason Band Resale	300	-	-	300
Eason Fine Arts	282	-	-	282
Eason Improvement	7,654	11,901	6,901	12,654
Eason Playground Project	2,872	-	-	2,872
Eason Student Council	2,230	-	80	2,150
WE Band Resale	166	170	130	206
WE Fine Art	165	-	-	165
WE Improvement	23,184	34,063	28,915	28,332
WE Playground	2,710	-	-	2,710
WE Student Council	4,168	4,424	1,500	7,092
WH Band	-	119	36	83
WH Improvement	-	31,500	(1,647)	33,147
Intrafund Transfers	-	(2,416)	(2,416)	-
Total	\$ 232,313	\$ 807,221	\$ 674,706	\$ 364,828

See accompanying independent auditor's report.



WAUKEE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year Ended June 30, 2006

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	\$ 7,606	\$ 3,740	\$ 4,869	\$ 6,477
Accounts receivable	155	-	155	-
Total assets	<u>\$ 7,761</u>	<u>\$ 3,740</u>	<u>\$ 5,024</u>	<u>\$ 6,477</u>
Liabilities				
Accounts payable	\$ -	\$ 679	\$ -	\$ 679
Other payables	7,761	3,061	5,024	5,798
Total liabilities	<u>\$ 7,761</u>	<u>\$ 3,740</u>	<u>\$ 5,024</u>	<u>\$ 6,477</u>

See accompanying independent auditor's report.

WAUKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST FOUR YEARS

	Modified Accrual Basis Years Ended June 30,			
	2006	2005	2004	2003
Revenues:				
Local sources:				
Local tax	\$ 21,898,342	\$ 18,724,901	\$ 14,220,453	\$ 12,501,101
Tuition	1,267,893	1,176,813	1,258,916	1,274,538
Other	1,935,241	1,383,507	914,311	959,469
State sources	16,110,389	13,424,393	10,926,968	9,691,405
Federal sources	437,201	407,377	254,243	207,125
Total revenues	<u>\$ 41,649,066</u>	<u>\$ 35,116,991</u>	<u>\$ 27,574,891</u>	<u>\$ 24,633,638</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 14,497,759	\$ 12,045,774	\$ 10,074,061	\$ 9,180,177
Special instruction	3,387,132	3,061,467	2,679,023	2,303,872
Other instruction	2,096,796	1,896,088	1,443,770	1,354,138
Support services:				
Student services	1,289,559	1,274,069	983,108	927,615
Instructional staff services	1,393,248	1,475,734	1,331,528	604,992
Administration services	2,711,319	2,270,519	1,965,351	1,515,229
Operation and maintenance of plant services	2,764,387	2,114,247	1,584,289	1,567,336
Transportation services	1,560,878	1,097,493	874,909	762,357
Non-instructional programs	-	-	369	352
Other expenditures:				
Capital outlay:				
Facilities acquisition	5,593,186	11,528,812	16,567,624	5,343,943
Debt service:				
Principal	2,230,000	8,335,000	2,290,000	2,090,000
Interest	2,500,741	2,391,214	2,082,149	1,900,449
Fiscal charges	90,809	86,343	96,130	-
AEA flowthrough	1,198,063	995,297	823,781	770,245
Total expenditures	<u>\$ 41,313,877</u>	<u>\$ 48,572,057</u>	<u>\$ 42,796,092</u>	<u>\$ 28,320,705</u>

See accompanying independent auditor's report.

WAUKEE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2006

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Food Donation (non-cash)	10.550	FY 06	\$ <u>62,566</u>
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 06	35,993
National School Lunch Program	10.555	FY 06	<u>245,125</u>
			<u>281,118</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	6822G	<u>85,884</u>
Vocational Education - Basic Grants to States	84.048	FY 06	<u>33,620</u>
Grants for State Assessments and Related Activities	84.369	FY 06	<u>24,264</u>
Improving Teacher Quality State Grants	84.367	FY 06	<u>44,486</u>
State Grants for Innovative Programs	84.298	FY 06	<u>10,754</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 06	<u>11,396</u>
English Language Acquisition Grants	84.365	FY 06	<u>4,005</u>
Heartland Area Education Agency:			
Special Education - Grants to States	84.027	FY 06	<u>203,564</u>
Total			\$ <u><u>761,657</u></u>

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Waukee Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Waukee Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Waukee Community School District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated September 12, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Waukee Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waukee Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Waukee Community School District's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Waukee Community School District and other parties to whom Waukee Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Waukee Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa  
September 12, 2006

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

To the Board of Education of  
Waukee Community School District:

Compliance

We have audited the compliance of Waukee Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Waukee Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Waukee Community School District's management. Our responsibility is to express an opinion on Waukee Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U. S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Waukee Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Waukee Community School District's compliance with those requirements.

In our opinion, Waukee Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Waukee Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Waukee Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Waukee Community School District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grant agreements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Waukee Community School District and other parties to whom Waukee Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa  
September 12, 2006

WAUKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
  - CFDA Number 84.367 – Improving Teacher Quality State Grants
  - Clustered programs:
    - CFDA Number 10.553 – School Breakfast Program
    - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Wauke Community School District did not qualify a low-risk auditee.



WAUKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

Part II: Findings Related to the General Purpose Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

- II-A-06 Disbursements – Out of forty disbursements tested, five were not supported by an invoice or receipt. They were only supported by credit slips or oral confirmation of an expenditure.

Recommendation – All disbursements should be adequately supported by an invoice, receipt or other written documentation.

Response – These disbursements were isolated instances. We will make sure that all future disbursements are properly supported.

Conclusion – Response accepted.

- II-B-06 Fundraisers – Supporting documentation for fundraiser income is being kept by individual activity club sponsors. There are no set procedures in place to review this information for completeness and accuracy other than review by the activity sponsor, who is also responsible for the initial collection of fundraising income.

Recommendation – The District should develop some type of summary form and procedures which would include reviewing supporting documentation for fundraisers in order to account for the completeness and accuracy of revenues recorded. For example, you could have the activity sponsor summarize budgeted, expected, and actual results on a spreadsheet which can be compared to actual fundraising receipts recorded once the fundraiser is completed. Any revenues short or long can then be explained on the form. This form should be reviewed and initialed by either the Activity Director, Principal, or Secretary as applicable. Whoever is reviewing these fundraiser summary forms should also verify in detail the information on a couple of forms each year. This can be done by tracing the information on the form to the supporting documentation kept by the activity sponsor i.e. sales sheets, order forms, etc. We realize verifying every fundraiser would be time consuming so not every fundraiser needs to be verified in detail. Checking a few each year will let the activity sponsors realize that someone may be reviewing their records.

Response – We will review our procedures regarding fundraising activities and change our procedures as we deem necessary.

Conclusion – Response accepted.

WAUKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

Part II: Findings Related to the General Purpose Financial Statements (continued):

Reportable Conditions (continued):

- II-C-06    Netting of Revenues and Expenditures – We noted one receipt that was posted against an expenditure account.

Recommendation – This practice understates both revenues and expenditures. The District should avoid netting a revenue against an expenditure except in limited circumstances such as a sales tax refund which occurs in the same fiscal year as the expenditure it applies to or similar revenue.

Response – This was an isolated situation involving an insurance claim. We will properly record all revenues in the future.

Conclusion – Response accepted.

WAUKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

No matters were reported.

WAUKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

Part IV: Other Findings Related to Statutory Reporting:

IV-A-06 Certified Budget – Expenditures for the year ended June 30, 2006, did not exceed the amounts budgeted.

IV-B-06 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

IV-C-06 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-06 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Marty Sullivan, Joshua Heyer and Ben Schulte, Teachers Owners of Exterior Craftsman	Fence repair	\$ 120

In accordance with an Attorney General’s opinion dated November 9, 1976, the transaction does not appear to represent a conflict of interest.

IV-E-06 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-06 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-06 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-06 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

IV-I-06 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

WAUKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-J-06    Student Activity Fund – We noted transactions being recorded through the Special Revenue, Student Activity Fund such as resale accounts and building improvement accounts that would more appropriately be accounted for in the General Fund.

Recommendation – The Student Activity Fund is to be used to account for money received from student related activities such as admissions, activity fees, student dues, student fundraising events, or other student related cocurricular activities as stated in the administrative rules of the Department of Education.

Response – We will review these accounts and transfer items to more appropriate funds.

Conclusion – Response accepted.

- IV-K-06    Financial Condition – The Special Revenue, Management Levy Fund had a negative fund balance of \$17,545 at June 30, 2006.

Recommendation – The District needs to explore alternatives to restore the Management Levy Fund to a sound financial condition.

Response – The Board is aware of the condition and has increased the property tax levy for the Management Levy Fund for the fiscal year ending June 30, 2007.

Conclusion – Response accepted.

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## STATISTICAL SECTION

WAUKEE COMMUNITY SCHOOL DISTRICT

NET ASSETS BY COMPONENT

Last Four Fiscal Years  
(Unaudited)

	Year Ended June 30,			
	2006	2005	2004	2003
Governmental activities				
Invested in capital assets, net of related debt	\$ 10,019,928	\$ 8,282,400	\$ 6,054,028	\$ 3,651,585
Restricted	6,441,728	2,627,733	729,161	947,466
Unrestricted	1,594,739	705,403	1,162,141	1,141,673
Total governmental activities net assets	<u>\$ 18,056,395</u>	<u>\$ 11,615,536</u>	<u>\$ 7,945,330</u>	<u>\$ 5,740,724</u>
Business-type activities				
Invested in capital assets	\$ 578,088	\$ 548,174	\$ 377,917	\$ 403,898
Unrestricted	643,482	459,532	508,045	344,362
Total business-type activities net assets	<u>\$ 1,221,570</u>	<u>\$ 1,007,706</u>	<u>\$ 885,962</u>	<u>\$ 748,260</u>
Total				
Invested in capital assets, net of related debt	\$ 10,598,016	\$ 8,830,574	\$ 6,431,945	\$ 4,055,483
Restricted	6,441,728	2,627,733	729,161	947,466
Unrestricted	2,238,221	1,164,935	1,670,186	1,486,035
Total net assets	<u>\$ 19,277,965</u>	<u>\$ 12,623,242</u>	<u>\$ 8,831,292</u>	<u>\$ 6,488,984</u>

Note: The District began to report accrual information when it implemented GASB Statement 34 in the year ended June 30, 2003.

Source: District records



## WAUKEE COMMUNITY SCHOOL DISTRICT

## CHANGES IN NET ASSETS

Last Four Fiscal Years  
(Unaudited)

	Year Ended June 30,			
	2006	2005	2004	2003
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 19,961,274	\$ 17,437,231	\$ 14,226,865	\$ 12,850,667
Support services	9,628,971	8,412,897	6,766,317	5,366,904
Non-instructional programs	-	-	369	352
Other expenditures	5,790,397	5,674,821	4,399,338	4,104,084
Total governmental activities expenses	<u>35,380,642</u>	<u>31,524,949</u>	<u>25,392,889</u>	<u>22,322,007</u>
Business-type activities:				
Instruction	2,230	-	-	-
Support services	257,974	-	-	-
Food service operations	1,604,089	1,590,456	1,346,037	1,179,897
Daycare operations	307,483	126,069	-	-
Total business-type activities expenses	<u>2,171,776</u>	<u>1,716,525</u>	<u>1,346,037</u>	<u>1,179,897</u>
Total expenses	<u>\$ 37,552,418</u>	<u>\$ 33,241,474</u>	<u>\$ 26,738,926</u>	<u>\$ 23,501,904</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Instruction	\$ 2,303,722	\$ 2,018,737	\$ 1,927,015	\$ 1,817,010
Support services	108,070	100,679	91,128	87,682
Operating grants and contributions	2,953,730	2,413,493	1,935,347	1,775,380
Total governmental activities program revenues	<u>5,365,522</u>	<u>4,532,909</u>	<u>3,953,490</u>	<u>3,680,072</u>
Business-type activities:				
Charges for services:				
Support services	62,155	-	-	-
Food service operations	1,456,433	1,280,987	1,213,848	1,009,353
Daycare operations	371,744	127,150	550	-
Operating grants and contributions	362,089	301,939	266,374	213,292
Capital grants and contributions	111,484	120,440	-	-
Total business-type activities program revenues	<u>2,363,905</u>	<u>1,830,516</u>	<u>1,480,772</u>	<u>1,222,645</u>
Total program revenues	<u>\$ 7,729,427</u>	<u>\$ 6,363,425</u>	<u>\$ 5,434,262</u>	<u>\$ 4,902,717</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (30,015,120)	\$ (26,992,040)	\$ (21,439,399)	\$ (18,641,935)
Business-type activities	<u>192,129</u>	<u>113,991</u>	<u>134,735</u>	<u>42,748</u>
Total net expense	<u>\$ (29,822,991)</u>	<u>\$ (26,878,049)</u>	<u>\$ (21,304,664)</u>	<u>\$ (18,599,187)</u>

## WAUKEE COMMUNITY SCHOOL DISTRICT

## CHANGES IN NET ASSETS

Last Four Fiscal Years  
(Unaudited)

	Year Ended June 30,			
	2006	2005	2004	2003
<b>General Revenues</b>				
Governmental activities:				
Property taxes	\$ 18,435,237	\$ 15,992,732	\$ 13,672,507	\$ 12,481,271
Local option sales and services tax	3,467,268	2,736,191	551,705	-
Unrestricted state grants	13,589,697	11,414,256	9,242,108	8,119,410
Investment earnings	602,452	191,461	87,440	246,574
Other	361,325	327,606	68,942	106,411
Total governmental activities	<u>36,455,979</u>	<u>30,662,246</u>	<u>23,622,702</u>	<u>20,953,666</u>
Business-type activities:				
Investment earnings	<u>21,735</u>	<u>7,753</u>	<u>2,967</u>	<u>2,401</u>
Total general revenues	<u>\$ 36,477,714</u>	<u>\$ 30,669,999</u>	<u>\$ 23,625,669</u>	<u>\$ 20,956,067</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 6,440,859	\$ 3,670,206	\$ 2,183,303	\$ 2,311,731
Business-type activities	<u>213,864</u>	<u>121,744</u>	<u>137,702</u>	<u>45,149</u>
Total change in net assets	<u>\$ 6,654,723</u>	<u>\$ 3,791,950</u>	<u>\$ 2,321,005</u>	<u>\$ 2,356,880</u>

Note: The District began to report accrual information when it implemented GASB Statement 34 in the year ended June 30, 2003.

Source: District records

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WAUKEE COMMUNITY SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(Unaudited)

	Year Ended June 30,			
	2006	2005	2004	2003
General Fund				
Reserved	\$ 146,376	\$ 110,352	\$ 39,845	\$ 48,057
Unreserved	2,267,031	1,373,853	1,181,262	1,194,658
Total General Fund	<u>\$ 2,413,407</u>	<u>\$ 1,484,205</u>	<u>\$ 1,221,107</u>	<u>\$ 1,242,715</u>
All Other Governmental Funds				
Reserved	\$ 233,849	\$ 189,164	\$ 118,999	\$ 76,887
Unreserved, reported in:				
Special Revenue Funds	1,533,833	1,200,280	729,161	947,466
Capital Projects Funds	17,107,276	2,906,073	5,725,357	11,576,873
Total all other governmental funds	<u>\$ 18,874,958</u>	<u>\$ 4,295,517</u>	<u>\$ 6,573,517</u>	<u>\$ 12,601,226</u>

Source: District records

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 36,956	\$ 48,735	\$ 70,503	\$ 28,800	\$ 23,701	\$ 47,158
179,544	291,047	930,902	719,120	656,593	467,494
<u>\$ 216,500</u>	<u>\$ 339,782</u>	<u>\$ 1,001,405</u>	<u>\$ 747,920</u>	<u>\$ 680,294</u>	<u>\$ 514,652</u>
\$ 179,915	\$ 278,459	\$ 192,727	\$ 71,367	\$ 50,634	\$ 43,333
558,969	220,474	319,433	423,192	622,322	789,946
5,807,706	1,304,593	4,062,495	1,819,623	(236,217)	(536,306)
<u>\$ 6,546,590</u>	<u>\$ 1,803,526</u>	<u>\$ 4,574,655</u>	<u>\$ 2,314,182</u>	<u>\$ 436,739</u>	<u>\$ 296,973</u>

WAUKEE COMMUNITY SCHOOL DISTRICT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS AND DEBT SERVICE RATIO

Last Ten Fiscal Years  
(Unaudited)

	Year Ended June 30,			
	2006	2005	2004	2003
Revenues:				
Local sources	\$ -	\$ -	\$ -	-
Local tax	21,898,342	18,724,901	14,220,453	12,501,101
Tuition	1,267,893	1,176,813	1,258,916	1,274,538
Other	1,935,241	1,383,507	914,311	959,469
State sources	16,110,389	13,424,393	10,926,968	9,691,405
Federal sources	437,201	407,377	254,243	207,125
Total revenues	41,649,066	35,116,991	27,574,891	24,633,638
Expenditures:				
Current:				
Instruction				
Regular instruction	14,497,759	12,045,774	10,074,061	9,180,177
Special instruction	3,387,132	3,061,467	2,679,023	2,303,872
Other instruction	2,096,796	1,896,088	1,443,770	1,354,138
Support services				
Student services	1,289,559	1,274,069	983,108	927,615
Instructional services	1,393,248	1,475,734	1,331,528	604,992
Administration services	2,711,319	2,270,519	1,965,351	1,515,229
Operation and maintenance of plant services	2,764,387	2,114,247	1,584,289	1,567,336
Transportation services	1,560,878	1,097,493	874,909	762,357
Non-instructional programs	-	-	369	352
Other expenditures				
Capital outlay:				
Facilities acquisition	5,593,186	11,528,812	16,567,624	5,343,943
Debt service				
Principal	2,230,000	8,335,000	2,290,000	2,090,000
Interest	2,500,741	2,391,214	2,082,149	1,900,449
Fiscal charges	90,809	86,343	96,130	262,182
AEA Flowthrough	1,198,063	995,297	823,781	770,240
Total expenditures	41,313,877	48,572,057	42,796,092	28,582,882

2002	2001	2000	1999	1998	1997
\$ 12,666,930	\$ 10,913,375	\$ 9,306,517	\$ 7,576,841	\$ 6,610,725	\$ 5,870,749
8,327,266	7,211,697	6,607,086	5,240,723	4,684,960	4,274,424
211,068	123,955	97,274	68,096	68,002	49,411
21,205,264	18,249,027	16,010,877	12,885,660	11,363,687	10,194,584
11,661,522	9,774,551	8,121,560	7,063,483	6,055,154	5,508,381
4,627,598	4,360,841	3,963,641	3,366,045	2,913,755	2,284,912
6,627	7,019	4,770	3,026	2,714	2,897
132,697	412,486	343,684	365,067	294,687	5,549
2,936,634	9,839,806	3,100,486	5,065,856	2,296,136	9,496,927
3,601,867	3,068,083	2,261,885	1,904,735	1,642,482	1,406,228
662,430	583,993	500,313	438,740	388,747	354,820
23,629,375	28,046,779	18,296,339	18,206,952	13,593,675	19,059,714

WAUKEE COMMUNITY SCHOOL DISTRICT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS AND DEBT SERVICE RATIO

Last Ten Fiscal Years  
(Unaudited)

	Year Ended June 30,			
	2006	2005	2004	2003
Other financing sources:				
Sale of equipment	\$ 50	\$ 1,900	\$ 1,300	\$ 100
Sale of real property	26,000	-	-	-
Interfund transfers in	15,831,166	763,808	775,552	798,543
Interfund transfers out	(15,831,166)	(763,808)	(775,552)	(798,543)
Bonds and notes issued	15,000,000	11,390,000	9,175,000	15,520,000
Premium on bonds and notes issued	147,404	48,264	-	(4,490,000)
	<u>15,173,454</u>	<u>11,440,164</u>	<u>9,176,300</u>	<u>11,030,100</u>
Net change in fund balance	<u>\$ 15,508,643</u>	<u>\$ (2,014,902)</u>	<u>\$ (6,044,901)</u>	<u>\$ 7,080,856</u>
Total Expenditures	\$ 41,313,877	\$ 48,572,057	\$ 42,796,092	\$ 28,582,882
Less: Capital Expenditures	(5,293,151)	(10,817,069)	(16,095,655)	(5,035,469)
Non Capital Expenditures	<u>36,020,726</u>	<u>37,754,988</u>	<u>26,700,437</u>	<u>23,547,413</u>
Debt service expenditures	<u>4,821,550</u>	<u>10,812,557</u>	<u>4,468,279</u>	<u>4,252,631</u>
Debt service expenditures as a percentage of noncapital expenditures	13.39%	28.64%	16.73%	18.06%

Note: From 1997 to 2002, detail on revenues and expenses are not available. Only category totals are reported.

Source: District records



2002	2001	2000	1999	1998	1997
\$ 2,565	\$ -	\$ 4,420	\$ 8,926	\$ 396	\$ 1,838
41,328	-	95,000	-	-	-
767,870	3,549,536	601,340	383,437	453,596	175,208
(776,239)	(3,549,536)	(601,340)	(383,437)	(453,596)	(175,208)
7,000,000	6,365,000	4,660,000	7,200,000	2,300,000	8,625,000
-	-	-	-	-	-
7,035,524	6,365,000	4,759,420	7,208,926	2,300,396	8,626,838
\$ 4,611,413	\$ (3,432,752)	\$ 2,473,958	\$ 1,887,634	\$ 70,408	\$ (238,292)
\$ 23,629,375	\$ 28,046,779	\$ 18,296,339	\$ 18,206,952	\$ 13,593,675	\$ 19,059,714
(2,936,634)	(9,839,806)	(3,100,486)	(5,065,856)	(2,296,136)	(9,496,927)
20,692,741	18,206,973	15,195,853	13,141,096	11,297,539	9,562,787
3,601,867	3,068,083	2,261,885	1,904,735	1,642,482	1,406,228
17.41%	16.85%	14.88%	14.49%	14.54%	14.71%

WAUKEE COMMUNITY SCHOOL DISTRICT  
GENERAL FUND REVENUES, BY SOURCE

Last Ten Fiscal Years  
(Unaudited)

Year Ended June 30,	Local		State	Federal	Total
	Taxes	Miscellaneous			
2006	\$ 12,101,584	\$ 1,872,899	\$ 16,108,939	\$ 437,201	\$ 30,520,623
2005	9,993,328	1,599,569	13,422,857	407,377	25,423,131
2004	8,349,264	1,570,546	10,925,564	254,243	21,099,617
2003	7,866,729	1,600,125	9,690,094	207,125	19,364,073
2002	6,385,468	1,292,631	8,326,003	211,068	16,215,170
2001	5,312,002	1,040,571	7,177,234	123,955	13,653,762
2000	4,828,889	991,394	6,587,414	97,274	12,504,971
1999	4,410,095	837,260	5,230,494	68,096	10,545,945
1998	3,802,567	710,480	4,680,277	68,002	9,261,326
1997	3,443,823	521,991	4,278,912	49,411	8,294,137

Source: District records

WAUKEE COMMUNITY SCHOOL DISTRICT  
GENERAL FUND EXPENDITURES, BY PROGRAM

Last Ten Fiscal Years  
(Unaudited)

Year Ended June 30,	Instruction	Support Services	Non- Instructional Programs	Other Expenditures	Total
2006	\$ 19,039,021	\$ 9,355,876	\$ -	\$ 1,198,063	\$ 29,592,960
2005	16,051,064	8,115,572	-	995,297	25,161,933
2004	13,601,413	6,696,419	369	823,781	21,121,982
2003	12,339,194	5,228,519	-	770,245	18,337,958
2002	11,156,200	4,530,756	-	662,430	16,349,386
2001	9,404,186	4,291,717	-	583,993	14,279,896
2000	7,825,779	3,894,325	-	500,313	12,220,417
1999	6,805,818	3,304,633	-	438,740	10,549,191
1998	5,844,014	2,852,106	-	388,747	9,084,867
1997	5,350,045	2,239,731	-	354,820	7,944,596

Source: District records

WAUKEE COMMUNITY SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years  
(Unaudited)

<u>Property Tax Levies</u>						
Collection	Year	General Fund	Management	Debt Service	PPEL	Total
	2006	\$ 12,090,151	\$ 399,999	\$ 3,970,419	\$ 1,954,603	\$ 18,415,172
	2005	9,978,351	300,000	4,030,904	1,662,167	15,971,422
	2004	8,362,946	180,000	3,649,603	1,505,078	13,697,627
	2003	7,874,784	165,000	3,094,666	1,367,044	12,501,494
	2002	6,386,307	140,000	2,817,647	1,165,426	10,509,380
	2001	5,267,646	120,000	2,341,461	965,491	8,694,598
	2000	4,942,602	90,000	2,033,072	705,204	7,770,878
	1999	4,383,257	80,000	1,521,300	357,361	6,341,918
	1998	3,827,284	40,000	1,412,736	314,587	5,594,607
	1997	3,711,067	25,000	1,162,893	294,752	5,193,712

<u>Property Tax Collections</u>						
	2006	12,080,450	399,673	3,967,366	1,953,106	18,400,595
	2005	9,973,356	299,712	4,024,352	1,661,063	15,958,483
	2004	8,349,264	179,706	3,639,048	1,500,730	13,668,748
	2003	7,866,729	165,496	3,093,356	1,375,520	12,501,101
	2002	6,385,468	140,125	2,819,360	1,166,134	10,511,087
	2001	5,312,002	121,008	2,341,268	965,411	8,739,689
	2000	4,828,889	90,212	2,036,661	706,862	7,662,624
	1999	4,410,095	80,547	1,525,021	359,811	6,375,474
	1998	3,802,567	40,136	1,416,637	315,659	5,574,999
	1997	3,443,823	24,895	1,158,077	293,503	4,920,298

<u>Percentage Collected</u>						
	2006	99.92 %	99.92 %	99.92 %	99.92 %	99.92 %
	2005	99.95	99.90	99.84	99.93	99.92
	2004	99.84	99.84	99.71	99.71	99.79
	2003	99.90	100.30	99.96	100.62	100.00
	2002	99.99	100.09	100.06	100.06	100.02
	2001	100.84	100.84	99.99	99.99	100.52
	2000	97.70	100.24	100.18	100.24	98.61
	1999	100.61	100.68	100.24	100.69	100.53
	1998	99.35	100.34	100.28	100.34	99.65
	1997	92.80	99.58	99.59	99.58	94.74

Source: District records

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WAUKEE COMMUNITY SCHOOL DISTRICT  
TAXABLE AND 100% VALUES OF TAXABLE PROPERTY

Last Ten Fiscal Years  
(Unaudited)

Levy Year	Collection Year	Real Property		Personal Property	
		Taxable	100% Value	Taxable	100% Value
2004	2005-06	\$ 1,148,316,166	\$ 1,868,579,752	\$ -	\$ -
2003	2004-05	973,280,228	1,558,524,097	-	-
2002	2003-04	879,210,841	1,345,520,461	-	-
2001	2002-03	800,649,806	1,217,989,973	742,846	742,846
2000	2001-02	672,278,192	975,065,887	6,503,826	6,503,826
1999	2000-01	555,403,963	826,165,160	7,654,857	7,654,857
1998	1999-00	477,596,640	693,246,007	8,430,119	8,430,119
1997	1998-99	408,170,193	612,369,624	10,398,704	10,398,704
1996	1997-98	355,638,724	495,890,652	10,498,240	10,498,240
1995	1996-97	322,761,711	449,323,731	10,499,686	10,499,686

Gas and Electric was broken out of total utilities in fiscal year 2000 due to change in state law

Gas and Electric is no longer subject to property tax, but instead pay utility replacement tax

Includes Tax Increment Financing Valuations

Source: County Auditor's Office

Railroads & Utilities w/o Gas & Electric		Gas & Electric		Total		Ratio of Total Taxable Value to 100% Value
Taxable	100% Value	Taxable	100% Value	Taxable	100% Value	
\$ 15,095,138	\$ 15,095,138	\$ 7,009,675	\$ 7,750,790	\$ 1,170,420,979	\$ 1,891,425,680	61.88 %
14,464,885	14,464,885	7,564,751	7,564,751	995,309,864	1,580,553,733	62.97
14,515,487	14,515,487	7,517,646	7,517,646	901,243,974	1,367,553,594	65.90
15,058,875	15,106,417	7,526,984	7,526,984	823,978,511	1,241,366,220	66.38
11,519,941	11,519,941	7,557,884	7,557,884	697,859,843	1,000,647,538	69.74
15,100,018	15,100,018	-	-	578,158,838	848,920,035	68.11
15,966,459	15,966,459	-	-	501,993,218	717,642,585	69.95
17,249,249	17,249,249	-	-	435,818,146	640,017,577	68.09
16,023,970	16,023,970	-	-	382,160,934	522,412,862	73.15
14,499,686	14,499,686	-	-	347,761,083	474,323,103	73.32

## WAUKEE COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION), DIRECT AND OVERLAPPING  
GOVERNMENTS

Last Ten Fiscal Years

(Unaudited)

City of Waukee

Levy Year	Collection Year	Dallas County	Dalls Co. Hospital	State	Area XI Community College	City	Special	Waukee CSD	Total	Ratio WCSD to Total
2004	2005-06	\$ 6.15571	\$ 0.68223	\$ 0.00400	\$ 0.68408	\$ 13.50039	\$ -	\$ 17.84693	\$ 38.87334	45.910 %
2003	2004-05	6.11761	0.74992	0.00400	0.59856	13.50039	-	17.89346	38.86394	46.041
2002	2003-04	6.22792	0.78378	0.00400	0.58184	13.50010	-	17.66440	38.76204	45.571
2001	2002-03	6.27223	0.85556	0.00500	0.54584	13.50032	-	17.66350	38.84245	45.475
2000	2001-02	6.26865	0.85556	0.00500	0.54454	13.50000	-	17.47522	38.64897	45.215
1999	2000-01	6.07606	0.61980	0.00500	0.54506	13.50000	-	17.49678	38.24270	45.752
1998	1999-00	6.70965	0.61981	0.00500	0.52451	14.24965	-	17.63776	39.74638	44.376
1997	1998-99	6.69435	0.61980	0.00500	0.50551	11.54002	-	16.98053	36.34521	46.720
1996	1997-98							16.98924	16.98924	100.000
1995	1996-97							16.99111	16.99111	100.000

City of Clive

2004	2005-06	\$ 6.15571	\$ 0.68223	\$ 0.00400	\$ 0.68408	\$ 9.24927	\$ -	\$ 17.84693	\$ 34.62220	51.548 %
2003	2004-05	6.11761	0.74992	0.00400	0.59856	8.82714	-	17.89346	34.19069	52.334
2002	2003-04	6.22792	0.78378	0.00400	0.58184	8.92149	-	17.66440	34.18343	51.675
2001	2002-03	6.27223	0.85556	0.00500	0.54584	8.96811	-	17.66350	34.31024	51.482
2000	2001-02	6.26865	0.85556	0.00500	0.54454	8.45221	-	17.47522	33.60118	52.008
1999	2000-01	6.07606	0.61980	0.00500	0.54506	7.91104	-	17.49678	32.65374	53.583
1998	1999-00	6.70965	0.61981	0.00500	0.52451	7.91330	-	17.63776	33.41003	52.792
1997	1998-99	6.69435	0.61980	0.00500	0.50551	7.70014	-	16.98053	32.50533	52.239
1996	1997-98							16.98924	16.98924	100.000
1995	1996-97							16.99111	16.99111	100.000

City of Grimes

2004	2005-06	\$ 6.15571	\$ 0.68223	\$ 0.00400	\$ 0.68408	\$ 12.74622	\$ -	\$ 17.84693	\$ 38.11917	46.819 %
2003	2004-05	6.11761	0.74992	0.00400	0.59856	12.84260	-	17.89346	38.20615	46.834
2002	2003-04	6.22792	0.78378	0.00400	0.58184	12.82394	-	17.66440	38.08588	46.380
2001	2002-03	6.27223	0.85556	0.00500	0.54584	12.76837	-	17.66350	38.11050	46.348
2000	2001-02	6.26865	0.85556	0.00500	0.54454	11.72852	-	17.47522	36.87749	47.387
1999	2000-01	6.07606	0.61980	0.00500	0.54506	11.61255	-	17.49678	36.35525	48.127
1998	1999-00	6.70965	0.61981	0.00500	0.52451	11.61165	-	17.63776	37.10838	47.530
1997	1998-99	6.69435	0.61980	0.00500	0.50551	12.27467	-	16.98053	37.07986	45.794
1996	1997-98							16.98924	16.98924	100.000
1995	1996-97							16.99111	16.99111	100.000

Note: Levy breakdown not available for levy years 1995-1996.

Source: County Auditor's Office



## WAUKEE COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION), DIRECT AND OVERLAPPING  
GOVERNMENTS  
Last Ten Fiscal Years  
(Unaudited)

City of Urbandale

Levy Year	Collection Year	Dallas County	Dalls Co. Hospital	State	Area XI Community College	City	Special	Waukee CSD	Total	Ratio WCSD to Total
2004	2005-06	\$ 6.15571	\$ 0.68223	\$ 0.00400	\$ 0.68408	\$ 9.07393	\$ -	\$ 17.84693	\$ 34.44688	51.810 %
2003	2004-05	6.11761	0.74992	0.00400	0.59856	9.07306	0.41222	17.89346	34.84883	51.346
2002	2003-04	6.22792	0.78378	0.00400	0.58184	9.07000	0.42528	17.66440	34.75722	50.822
2001	2002-03	6.27223	0.85556	0.00500	0.54584	8.97000	0.41734	17.66350	34.72947	50.860
2000	2001-02	6.26865	0.85556	0.00500	0.54454	8.96096	0.35432	17.47522	34.46425	50.705
1999	2000-01	6.07606	0.61980	0.00500	0.54506	8.97000	0.39163	17.49678	34.10433	51.304
1998	1999-00	6.70965	0.61981	0.00500	0.52451	8.83994	0.42847	17.63776	34.76514	50.734
1997	1998-99	6.69435	0.61980	0.00500	0.50551	8.49000	0.45088	16.98053	33.74607	50.319
1996	1997-98							16.98924	16.98924	100.000
1995	1996-97							16.99111	16.99111	100.000

City of West Des Moines

2004	2005-06	\$ 6.15571	\$ 0.68223	\$ 0.00400	\$ 0.68408	\$ 11.95000	\$ -	\$ 17.84693	\$ 37.32295	47.818 %
2003	2004-05	6.11761	0.74992	0.00400	0.59856	11.72777	-	17.89346	37.09132	48.242
2002	2003-04	6.22792	0.78378	0.00400	0.58184	11.60021	-	17.66440	36.86215	47.920
2001	2002-03	6.27223	0.85556	0.00500	0.54584	11.60003	-	17.66350	36.94216	47.814
2000	2001-02	6.26865	0.85556	0.00500	0.54454	10.90002	-	17.47522	36.04899	48.476
1999	2000-01	6.07606	0.61980	0.00500	0.54506	10.90000	-	17.49678	35.64270	49.089
1998	1999-00	6.70965	0.61981	0.00500	0.52451	10.89994	-	17.63776	36.39667	48.460
1997	1998-99	6.69435	0.61980	0.00500	0.50551	10.90000	-	16.98053	35.70519	47.558
1996	1997-98							16.98924	16.98924	100.000
1995	1996-97							16.99111	16.99111	100.000

WAUKEE COMMUNITY SCHOOL DISTRICT  
PRINCIPAL TAXPAYERS IN THE WAUKEE COMMUNITY SCHOOL DISTRICT

Current Year and Nine Years Ago  
(Unaudited)

<u>Taxpayer</u>	<u>2005 Principal Taxpayer's Taxable Values</u>	<u>1996* Principal Taxpayer's Taxable Values</u>
Wells Fargo Home Mortgage, Inc.	\$ 63,750,810	\$
Dallas County Partners	43,671,860	
GCP Jordan Creek LLC	26,851,680	
Dallas County Partners II	26,811,180	
West Lakes Development Company	19,472,710	
Northwood Village Ltd	14,149,980	
Iowa Lodging, LLC	12,436,230	
Westlake Investments, LLC	11,119,754	
Iowa Clinic West Lakes I, LLC	11,019,690	
Sherman Hills Real Estate Partnership LLP	10,415,790	

Source: Dallas County Auditor's Office

\* = Note: Values of principal taxpayers from nine years ago are currently not available.

WAUKEE COMMUNITY SCHOOL DISTRICT

COMPARATIVE RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE  
AND BONDED DEBT PER CAPITA

Last Ten Fiscal Years  
(Unaudited)

Fiscal Year of Collection	Population*	100% Actual Value	Legal Debt Limit (5%)	Indebtedness	Debt to 100% Actual Value	Debt per Capita
2005-06	23,678	\$ 1,891,425,680	\$ 94,571,284	\$ 69,445,000	3.67 %	\$ 2,933
2004-05	22,428	1,580,553,733	79,027,687	56,675,000	3.59	2,527
2003-04	15,500	1,367,553,594	68,377,680	52,195,000	3.82	3,367
2002-03	14,607	1,241,366,220	62,068,311	44,640,000	3.60	3,056
2001-02	13,780	1,000,647,538	50,032,377	35,060,000	3.50	2,544
2000-01	13,000	848,920,035	42,446,002	29,375,000	3.46	2,260
1999-00	12,264	717,642,585	35,882,129	26,790,000	3.73	2,184
1998-99	11,570	640,017,577	32,000,879	23,000,000	3.59	1,988
1997-98	10,518	522,412,862	26,120,643	16,475,000	3.15	1,566
1996-97	10,337	474,323,103	23,716,155	14,735,000	3.11	1,425

\* District populations estimated from 2000 Census

Source: District records

WAUKEE COMMUNITY SCHOOL DISTRICT  
COMPUATION OF OVERLAPPING AND DIRECT DEBT

As of June 30, 2006  
(Unaudited)

	Taxable Valuation	Taxable Valuation Within District	Percent in District	G. O. Debt	Waukee CSD Share of the Debt
Dallas County	\$ 2,542,267,390	\$ 1,532,584,819	60.28 %	\$ 16,770,000	\$ 10,109,655
City of Waukee	322,733,994	322,733,994	100.00	16,400,000	16,400,000
City of Clive	1,027,834,919	164,290,176	15.99	27,514,400	4,397,930
City of Grimes	246,359,786	35,294	0.01	5,410,000	775
City of Urbandale	1,959,241,681	159,510,530	8.14	40,055,000	3,261,055
City of West Des Moines	3,343,564,823	825,733,744	24.70	145,445,000	35,919,401
Area XI Des Moines Area Community College	28,839,152,844	1,532,584,819	5.31	64,965,000	3,452,403
Total District Share of Overlapping Debt				\$ <u>316,559,400</u>	\$ <u>73,541,219</u>
Direct, Waukee Community School District:					
General Obligation Bonds			100.00 %	\$ 54,445,000	\$ 54,445,000
Capital Loan Notes			100.00	<u>15,000,000</u>	<u>15,000,000</u>
Total District Direct Debt				\$ <u>69,445,000</u>	\$ <u>69,445,000</u>

Source: District records, County Auditor's office, City of Waukee, City of Clive, City of Grimes, City of Urbandale,  
City of West Des Moines, Area XI Des Moines Area Community College

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WAUKEE COMMUNITY SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year Ended June 30,			
	2006	2005	2004	2003
Assessed Value of Property	\$ 1,891,425,680	\$ 1,580,553,733	\$ 1,367,553,594	\$ 1,241,366,220
Debt Limit - 5% of Assessed Value	94,571,284	79,027,687	68,377,680	62,068,311
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds	54,445,000	55,945,000	52,195,000	44,640,000
Capital Loan Notes	15,000,000	730,000	1,425,000	2,095,000
Total debt application to debt limit	69,445,000	56,675,000	53,620,000	46,735,000
Legal Debt Margin	25,126,284	22,352,687	14,757,680	15,333,311
Legal Debt Margin as a Percentage of Debt Limit	26.57%	28.28%	21.58%	24.70%

Source: District Records

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 1,000,647,538	\$ 848,920,035	\$ 717,642,585	\$ 640,017,577	\$ 522,412,862	\$ 474,323,103
50,032,377	42,446,002	35,882,129	32,000,879	26,120,643	23,716,155
35,060,000	29,375,000	26,790,000	23,000,000	16,475,000	14,735,000
2,735,000	-	1,070,000	1,225,000	1,375,000	1,285,000
<u>37,795,000</u>	<u>29,375,000</u>	<u>27,860,000</u>	<u>24,225,000</u>	<u>17,850,000</u>	<u>16,020,000</u>
12,237,327	13,071,002	8,022,129	7,775,879	8,270,643	7,696,155
24.46%	30.79%	22.36%	24.30%	31.66%	32.45%

WAUKEE COMMUNITY SCHOOL DISTRICT  
GENERAL ANALYSIS OF FACILITIES, CLASSROOMS AND STAFFING

June 30, 2006  
(Unaudited)

Name of School	Dates of Construction
Elementary Schools:	
Waukee	1917, 1957, 1974, 1979, 1987, 1999
Eason	1994, 2002
Brookview	2001, 2002, 2004
Walnut Hills	2005
Waukee Middle School	1974, 1977, 1987, 1994, 1997, 1999
Prairieview 8-9 Building	2004
Waukee High School	1997, 2000, 2001
Other facilities - non-student occupancy	
YMCA	2000, 2001
Waukee Elementary Annex	1932, 1995
District Administration	2003
District Central Receiving/ Transportation Facility	2003

Source: District records



Grades Served	Building Served Enrollment Sept. 2005	Certified Staff	Pupil/Teacher Ratio	Number of Classrooms	Teaching Sections
K-5 and Special Education	752	48.0	15.67	38	33
K-5 and Special Education	611	41.0	14.90	25	27
K-5 and Special Education	597	37.3	16.03	30	27
K-5 and Special Education	704	42.0	16.76	37	30
	2,664	168.3	15.83	130	117
6-7 and Special Education	626	43.9	14.27	26	22
8-9 and Special Education	561	41.5	13.52	46	20
10-12 and Special Education	739	49.4	14.96	45	-
District Wide	4,590	303.1	15.14	247	159

WAUKEE COMMUNITY SCHOOL DISTRICT

DISTRICT STAFFING LEVELS

Last Ten Fiscal Years  
(Unaudited)

	2006	2005	2004	2003	2002
Administration:					
Superintendent	1.0	1.0	1.0	1.0	1.0
Principal	6.0	5.0	5.0	5.0	5.0
Associate Principal	4.0	3.0	1.0	-	-
Other Administrators	4.0	5.0	5.0	3.0	3.0
Total Administration	15.0	14.0	12.0	9.0	9.0
Other Professionals	-	-	-	0.6	1.0
Instruction:					
Teacher	288.5	258.6	229.1	207.7	192.5
Curriculum Specialist	2.0	2.0	1.0	1.0	-
Counselor	14.0	13.0	11.0	11.0	10.0
Title I	1.5	1.5	1.0	-	-
Media Specialist	6.0	5.0	5.0	5.0	5.0
Total Instruction	312.0	280.1	247.1	224.7	207.5
Professional, Other:					
Nurse	7.0	6.5	4.8	4.8	4.8
Other Professional	6.5	6.1	5.0	4.0	3.8
Total Professional, Other	13.5	12.6	9.8	8.8	8.6
Support Personnel:					
Office/Clerical	23.0	20.0	16.9	15.8	12.3
Crafts/Trades	2.0	1.0	1.0	1.0	1.0
Teacher Associates	63.3	61.7	56.9	42.2	42.8
Other Support Personnel	57.3	57.1	57.1	39.4	40.0
Total Support Personnel	145.6	139.8	131.9	98.4	96.1
Totals	486.1	446.5	400.8	341.5	322.2

Source: District records

2001	2000	1999	1998	1997
1.0	1.0	1.0	1.0	1.0
4.0	4.0	4.0	4.0	4.0
-	-	-	-	-
3.0	3.0	3.0	4.0	4.0
8.0	8.0	8.0	9.0	9.0
1.0	2.0	2.0	2.0	1.0
165.7	143.3	134.5	117.9	101.5
-	-	-	-	-
9.0	8.0	7.0	6.0	6.0
-	-	-	-	-
3.0	3.0	3.0	3.0	3.0
177.7	154.3	144.5	126.9	110.5
4.0	3.5	3.3	1.0	2.5
2.0	1.0	1.0	1.0	0.5
6.0	4.5	4.3	2.0	3.0
14.5	12.5	9.0	10.0	7.0
1.0	1.0	-	-	-
37.5	32.0	26.2	19.8	16.0
21.0	20.5	16.7	22.0	17.0
74.0	66.0	51.9	51.8	40.0
266.7	234.8	210.7	191.7	163.5

WAUKEE COMMUNITY SCHOOL DISTRICT  
DISTRICT AND AREA UNEMPLOYMENT RATES

Last Ten Fiscal Years  
(Unaudited)

<u>Year Ended June 30,</u>	<u>Des Moines Area</u>	<u>State of Iowa</u>
2006	2.9 %	3.6 %
2005	4.0	4.8
2004	4.1	4.1
2003	3.6	4.2
2002	3.4	4.0
2001	2.1	3.3
2000	2.0	2.6
1999	1.9	2.5
1998	2.0	2.6
1997	2.6	3.3

Source: Iowa Workforce Development

WAUKEE COMMUNITY SCHOOL DISTRICT  
SUMMARY OF HISTORICAL RETAIL SALES

Last Ten Fiscal Years  
(Unaudited)

In Millions of Dollars											
	<u>Dallas</u>	<u>Percent</u>		<u>Waukee</u>	<u>Percent</u>		<u>West</u>	<u>Percent</u>		<u>Des Moines</u>	<u>Percent</u>
	<u>County</u>	<u>Increase</u>			<u>Increase</u>		<u>Des Moines</u>	<u>Increase</u>			<u>Increase</u>
2005 *	\$ 674.51	97.8 %	\$ 121.06	16.2 %	\$ 1,864.22	103.9 %	\$ 3,502.63	0.3 %			
2004	340.93	6.6	104.16	23.0	914.20	2.6	3,492.31	(16.7)			
2003	319.88	12.2	84.65	10.4	891.45	2.3	4,190.41	10.6			
2002	285.14	7.5	76.68	8.1	871.55	2.1	3,789.65	(5.1)			
2001	265.18	20.7	70.94	41.5	853.49	(0.6)	3,994.64	(2.7)			
2000	219.78	21.7	50.13	73.4	858.59	5.3	4,106.04	1.3			
1999	180.54	18.0	28.91	5.7	815.65	15.9	4,054.94	2.8			
1998	152.98	7.2	27.36	11.2	704.03	8.1	3,944.05	0.2			
1997	142.72	4.1	24.61	6.6	651.25	2.4	3,935.45	2.4			
1996	137.05	8.0	23.09	5.8	636.14	10.4	3,844.21	4.4			

\* 2005 actual data is most recent data available.

Source: Office of Social and Economic Trend Analysis

# WAUKEE COMMUNITY SCHOOL DISTRICT

## PRINCIPAL EMPLOYERS IN THE DISTRICT

Current Year and Nine Years Ago  
(Unaudited)

Presented below is a list of major employers located within the Waukee Community School District, the type of business conducted and an approximate number of employees for each.

Employer	Product/Service	2006		1997	
		Employees	Percentage of Total	Employees	Percentage of Total
District employers					
Waukee Community School District	Education	550	37.0 %	200	18.6 %
Selectivend	Manufacturing	500	33.7	500	46.5
Des Moines Golf and Country Club	Country Club/Golf Course	326	21.9	300	27.9
Monarch Manufacturing	Window Manufacturing	110	7.4	75	7.0
		<u>1,486</u>		<u>1,075</u>	
Larger employers in the area					
Principal Financial Group	Insurance	8,300	17.2 %	17,501	35.9 %
State of Iowa	Government	6,749	14.0	7,500	15.4
United States Government	Government	6,100	12.7	6,000	12.3
Des Moines Ind. School District	Education	5,325	11.1	4,662	9.6
Iowa Health System	Health Care	5,000	10.4	-	-
Communication Data Service, Inc	Data Entry	3,000	6.2	-	-
HyVee Food Stores	Grocery Chain	2,595	5.4	-	-
Mercy Hospital Medical Center	Health Care	2,200	4.6	4,650	9.5
City of Des Moines	Government	2,170	4.5	2,183	4.5
Wellmark Blue Cross Blue Shield	Insurance	2,066	4.3	1,755	3.6
Bridgestone-Firestone	Manufacturing	1,700	3.5	2,500	5.1
West Des Moines Comm. Schools	Education	1,500	3.1	1,000	2.1
Pioneer Hybred	Agricultural Sales	1,428	3.0	950	2.0
		<u>48,133</u>		<u>48,701</u>	
Total		<u>49,619</u>		<u>49,776</u>	

Source: City Chambers of Commerce

## WAUKEE COMMUNITY SCHOOL DISTRICT

### DISTRICT POPULATION

June 30, 2006  
(Unaudited)

Presented below are the official census figures for the incorporated cities of Waukee, Clive, Urbandale and West Des Moines. The Waukee Community School District includes the portions of each of these cities in Dallas County within its boundaries. The District's population is estimated to be 23,678.

<u>Census</u>	<u>Waukee</u>	<u>Clive</u>	<u>Urbandale</u>	<u>West Des Moines</u>
1980	2,227	6,064	17,869	21,894
1990	2,512	7,462	23,500	31,702
2000	5,126	12,855	29,072	46,403

Source: City Chambers of Commerce

WAUKEE COMMUNITY SCHOOL DISTRICT  
BUILDING AND CERTIFIED RESIDENT STUDENT ENROLLMENT BY GRADE

Last Ten Fiscal Years  
(Unaudited)

Grade	2005	2004	2003	2002
PK	22	26	24	14
K	522	433	445	321
1	459	467	350	346
2	486	368	377	296
3	390	403	319	262
4	423	347	276	241
5	362	297	260	233
6	310	292	244	256
7	316	260	265	199
8	265	274	224	220
9	296	234	244	189
10	252	263	198	190
11	268	198	202	182
12	219	206	198	163
District Served Enrollment	4,590.0	4,068.0	3,626.0	3,112.0
Open Enrollment/Tuition In	232.0	225.0	236.0	237.0
Open Enrollment/Tuition Out	170.0	187.1	172.8	148.7
Certified Resident Enrollment	4,528.0	4,030.1	3,562.8	3,023.7

\* No Data Available

Source: District records



2001	2000	1999	1998	1997	1996
14	*	*	*	*	*
327	259	243	180	151	144
276	239	187	173	161	135
255	198	189	178	138	147
222	204	190	148	152	118
215	222	161	149	130	123
230	165	163	133	138	126
185	182	155	153	128	132
192	175	157	145	141	126
188	168	154	142	126	124
179	165	146	134	125	101
174	150	142	129	109	111
165	153	123	113	118	99
146	121	110	124	101	66
2,768.0	2,401.0	2,120.0	1,901.0	1,718.0	1,552.0
186.0	141.0	159.0	135.1	102.1	87.1
131.8	125.4	122.0	110.8	80.0	100.0
2,713.8	2,385.4	2,083.0	1,876.7	1,695.9	1,564.9

WAUKEE COMMUNITY SCHOOL DISTRICT

OPERATING COST PER PUPIL

Last Ten Fiscal Years  
(Unaudited)

<u>Fiscal Year</u>	<u>Total Costs*</u>	<u>Daily Membership</u>	<u>Operating Cost per Pupil</u>
2005-06	\$ 29,592,960	4,617	\$ 6,410
2004-05	25,161,933	4,058	6,201
2003-04	21,121,982	3,685	5,732
2002-03	18,337,958	3,138	5,844
2001-02	16,349,386	2,801	5,837
2000-01	14,279,896	2,461	5,802
1999-00	12,220,417	2,160	5,658
1998-99	10,549,191	1,840	5,733
1997-98	9,084,867	1,654	5,493
1996-97	7,944,596	1,481	5,364

\* Includes only General Fund Expenditures

Source: District records

WAUKEE COMMUNITY SCHOOL DISTRICT

TAX RATES BY FUND

Last Ten Fiscal Years  
(Unaudited)

<u>Fiscal Year</u>		<u>General</u>		<u>Management</u>		<u>PPEL</u>		<u>Debt Service</u>		<u>Total</u>
2005-06	\$	12.37520	\$	0.40943	\$	1.67000	\$	3.39230	\$	17.84693
2004-05		11.82216		0.35527		1.67000		4.04603		17.89346
2003-04		11.69320		0.25168		1.67000		4.04952		17.66440
2002-03		11.97257		0.25115		1.67000		3.75576		17.64948
2001-02		11.50340		0.25244		1.67000		4.03755		17.46339
2000-01		11.49978		0.26197		1.67000		4.05000		17.48175
1999-00		11.40850		0.21313		1.67000		4.05000		17.34163
1998-99		12.25670		0.22386		1.00000		3.49107		16.97163
1997-98		12.04646		0.12715		1.00000		3.69605		16.86966
1996-97		11.73355		0.08482		1.00000		3.34455		16.16292

Source: District records

WAUKEE COMMUNITY SCHOOL DISTRICT

RATIO OF FINANCIAL CONDITION

Last Ten Fiscal Years  
(Unaudited)

	Year Ended June 30,			
	2006	2005	2004	2003
<b>Days net Cash Ratio</b>	64.79	59.09	56.9	56.8
$\frac{\text{cash}}{\text{average daily disbursements}}$				
<b>Increased Revenue versus Increased Expenditures</b>	1.15	1.07	0.63	1.58
$\frac{\text{current year revenue minus prior year revenue}}{\text{current year expenditures minus prior year expenditures}}$				
<b>Financial Solvency Ratios</b>	7.08 %	5.404 %	5.597 %	6.169 %
$\frac{\text{current year UD, UR Fund Balance}^*}{\text{current year actual revenue}}$				

\* UD, UR = Undesignated, Unreserved

Source: District records

2002	2001	2000	1999	1998	1997
37.7	43.4	59.2	57.8	55.5	53.4
0.77	0.68	1.56	0.93	0.86	1.01
1.107 %	1.986 %	7.022 %	6.751 %	7.089 %	5.638 %

WAUKEE COMMUNITY SCHOOL DISTRICT

COMPARISON OF GROWTH IN GENERAL FUND REVENUE, EXPENDITURES,  
ENROLLMENT, ASSESSED VALUATION AND TAX RATE  
Last Ten Fiscal Years  
(Unaudited)

Year Ended June 30,	Revenue	Growth	Expenditures	Growth	Enrollment	Growth
2006	\$ 30,522,162	20.05 %	\$ 29,592,960	17.61 %	4,528.0	12.35 %
2005	25,425,031	20.50	25,161,933	18.62	4,030.1	13.12
2004	21,099,617	8.96	21,121,982	15.18	3,562.8	17.83
2003	19,364,073	19.42	18,337,958	12.16	3,023.7	11.42
2002	16,215,170	18.76	16,349,386	14.49	2,713.8	13.77
2001	13,653,762	9.19	14,279,896	16.85	2,385.4	14.52
2000	12,504,971	18.58	12,220,417	15.84	2,083.0	11.53
1999	10,545,945	13.87	10,549,191	16.12	1,867.7	10.13
1998	9,261,326	11.66	9,084,867	14.35	1,695.9	8.37
1997	8,294,137	20.52	7,944,596	21.26	1,564.9	4.91

\* = Does not include tax increment financing (TIF) valuations.

Source: District records

Assessed Value*	Growth	Tax Rate	Growth
\$ 976,966,148	15.70 %	\$ 12.37520	4.68 %
844,423,567	18.07	11.82216	1.10
715,197,303	8.86	11.69320	-2.33
656,966,876	18.46	11.97257	4.08
554,596,339	21.07	11.50340	0.03
458,079,902	8.48	11.49978	0.80
422,277,389	18.15	11.40850	-6.92
357,410,386	13.61	12.25670	1.75
314,587,465	6.71	12.04646	2.67
294,815,661	8.22	11.73355	-7.38

WAUKEE COMMUNITY SCHOOL DISTRICT  
TAXABLE ASSESSED VALUATION BY PROPERTY TYPE\*

Last Ten Fiscal Years  
(Unaudited)

Collection Year	2006		2005		2004	
Residential	\$ 577,276,665	%	\$ 479,166,040	56.7 %	\$ 416,743,673	58.2 %
Agricultural	14,009,200		14,475,120	1.7	22,181,850	3.1
Commercial	359,914,916		325,193,663	38.4	250,761,836	35.0
Industrial	4,851,390		4,718,460	0.6	4,564,480	0.6
Personal	-		-	0.0	-	-
Railroads	2,598,624		2,451,043	0.3	2,334,361	0.3
Utilities w/o Gas & Electric	12,496,514		12,013,842	1.4	12,181,126	1.7
Gas & Electric	<u>7,009,675</u>		<u>7,564,751</u>	0.9	<u>7,517,646</u>	1.1
Sub-Total	978,156,984		845,582,919		716,284,972	
(Military Credit)	<u>(1,190,836)</u>		<u>(1,159,352)</u>		<u>(1,087,669)</u>	
Totals	<u>\$ 976,966,148</u>		<u>\$ 844,423,567</u>		<u>\$ 715,197,303</u>	

\* Does not include TIF Valuation

Source: County Auditor and District records



2003		2002		2001		2000	
\$ 385,758,428	58.7 %	\$ 343,169,499	61.9 %	\$ 262,101,456	57.2 %	\$ 231,838,458	54.9 %
22,470,600	3.4	22,591,480	4.1	22,083,027	3.4	21,276,910	5.0
221,993,653	33.8	159,965,881	28.8	147,944,604	22.5	141,742,851	33.6
4,452,610	0.7	4,319,690	0.8	4,186,760	0.6	3,969,890	0.9
742,846	0.1	6,503,826	1.2	7,654,857	1.2	8,430,119	2.0
2,084,530	0.3	1,955,070	0.4	-	-	-	-
12,974,345	2.0	9,564,871	1.7	15,100,018	2.3	15,966,459	3.8
<u>7,526,984</u>	1.1	<u>7,557,884</u>	1.4	<u>-</u>	-	<u>-</u>	-
658,003,996		555,628,201		459,070,722		423,224,687	
<u>(1,037,120)</u>		<u>(1,031,862)</u>		<u>(990,820)</u>		<u>(947,298)</u>	
<u>\$ 656,966,876</u>		<u>\$ 554,596,339</u>		<u>\$ 458,079,902</u>		<u>\$ 422,277,389</u>	

WAUKEE COMMUNITY SCHOOL DISTRICT  
TAXABLE ASSESSED VALUATION BY PROPERTY TYPE\*

Last Ten Fiscal Years  
(Unaudited)

Collection Year	1999		1998		1997	
Residential	\$ 202,424,528	57.0 %	\$ 161,774,555	50.0 %	\$ 152,388,412	51.7 %
Agricultural	20,673,726	5.8	29,473,274	9.1	20,844,068	7.1
Commercial	101,577,343	28.6	102,751,772	31.8	93,909,577	31.9
Industrial	3,974,870	1.1	3,835,160	1.2	3,446,516	1.2
Personal	10,398,704	2.9	10,498,240	3.2	10,499,686	3.6
Railroads	-	-	-	-	-	-
Utilities w/o Gas & Electric	17,249,249	4.9	16,023,970	5.0	14,499,686	4.9
Gas & Electric	-	-	-	-	-	-
Sub-Total	356,298,420		324,356,971		295,587,945	
(Military Credit)	(888,034)		(769,506)		(772,284)	
Totals	<u>\$ 355,410,386</u>		<u>\$ 323,587,465</u>		<u>\$ 294,815,661</u>	

\* Does not include TIF Valuation

Source: County Auditor

WAUKEE COMMUNITY SCHOOL DISTRICT  
IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP)

Last Ten Fiscal Years  
(Unaudited)

<u>Year Ended June 30,</u>	<u>Principal of Certificates Issued</u>
2005-06	\$ -
2004-05	-
2003-04	-
2002-03	2,275,000
2001-02	2,049,000
2000-01	1,433,000
1999-00	945,000
1998-99	865,000
1997-98	955,000
1996-97	1,010,000
1995-96	1,610,000

Source: District records

WAUKEE COMMUNITY SCHOOL DISTRICT  
PROPERTY VALUES AND CONSTRUCTION

Last Ten Fiscal Years  
(Unaudited)

Levy Year	Collection Year	100% Actual Property Values	Construction Permits Issued					# of Permits
			Year	Waukee	Clive	Urbandale	West Des Moines	
2004	2005-06	1,891,425,680	2005	582	205	460	178	1,425
2003	2004-05	1,580,553,733	2004	518	221	424	317	1,480
2002	2003-04	1,367,553,594	2003	472	191	371	317	1,351
2001	2002-03	1,241,366,220	2002	316		209	857	1,382
2000	2001-02	1,000,647,538	2001	288		92	210	590
1999	2000-01	848,920,035	2000	310		47	210	567
1998	1999-00	717,642,585	1999	311			277	588
1997	1998-99	640,017,577	1998				406	406
1996	1997-98	522,412,862	1997				147	147
1995	1996-97	474,323,103	1996				188	188

Note: 10 year construction permit data was not available from Waukee, Clive and Urbandale

Source: County Auditor's Office, Building departments for City of Waukee, Clive, Urbandale and West Des Moines

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